

**(Convenience Translation of Financial Statements and Related  
Disclosures and Footnotes Originally Issued in Turkish)**

**PASHA YATIRIM BANKASI A.Ş.**

**UNCONSOLIDATED  
INTERIM FINANCIAL STATEMENTS  
AS OF 30 JUNE 2025 WITH  
REVIEW REPORT THEREON**



KPMG Bağımsız Denetim ve  
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## **INDEPENDENT AUDITOR'S REPORT ON REVIEW OF UNCONSOLIDATED INTERIM FINANCIAL INFORMATION**

To the Board of Directors of PASHA Yatırım Bankası Anonim Şirketi

### *Introduction*

We have reviewed the accompanying unconsolidated balance sheet of PASHA Yatırım Bankası A.Ş. ("the Bank") as at 30 June 2025 and the unconsolidated statement of profit or loss, unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in shareholders' equity, unconsolidated statement of cash flows for the six month period then ended, and notes, comprising a summary of significant accounting policies and other explanatory information. The Bank management is responsible for the preparation and fair presentation of these unconsolidated interim financial information in accordance with the Banking Regulation and Supervision Agency ("BRSA") Accounting and Reporting Legislation which includes "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette No. 26333 dated 1 November 2006, and other regulations on accounting records of banks published by Banking Regulation and Supervision Board and circulars and interpretations published by BRSA and the requirements of Turkish Accounting Standard 34 "Interim Financial Reporting" for the matters not regulated by the aforementioned legislations (together referred as "BRSA Accounting and Financial Reporting Legislation"). Our responsibility is to express a conclusion on these unconsolidated interim financial information based on our review.

### *Scope of review*

We conducted our review in accordance with Standard on Review Engagements ("SRE") 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial reporting process and applying analytical and other review procedures. A review of interim financial information is substantially less in scope than an independent audit performed in accordance with the Independent Auditing Standards and consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



*Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unconsolidated interim financial information does not present fairly, in all material respects, the financial position of PASHA Yatırım Bankası A.Ş. as at 30 June 2025, and its unconsolidated financial performance and its unconsolidated cash flows for the six-month period then ended in all aspects in accordance with the BRSA Accounting and Financial Reporting Legislation.

*Report on other regulatory requirements arising from legislation*

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information provided in the accompanying unconsolidated interim activity report in section eight, is not consistent with the reviewed unconsolidated interim financial information and explanatory notes.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

Alper Güvenç, SMMM  
Partner

8 August 2025  
İstanbul, Türkiye

**PASHA YATIRIM BANKASI A.Ş.**  
**THE UNCONSOLIDATED FINANCIAL REPORT**  
**FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025**

Address of the Bank's Headquarters	Sultan Selim Mahallesi Hümeýra Sokak PASHA Plaza No:2/7 34415 Kağıthane, İstanbul
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Fax of the Bank	(0 212) 345 07 12
Web site of the Bank	www.pashabank.com.tr
E-mail for correspondence	info@pashabank.com.tr

The six-month unconsolidated financial report includes the following sections in accordance with the “Communiqué on Financial Statements and Related Explanations and Notes that will be Publicly Announced” as regulated by the Banking Regulation and Supervision Agency.

1. General Information About The Bank
2. Unconsolidated Financial Statements of The Bank
3. Explanations on Accounting Policies
4. Information Related to Unconsolidated Financial Position and Risk Management
5. Explanations and Notes Related to Unconsolidated Financial Statements
6. Other Explanations and Notes
7. Limited Review Report
8. Interim Activity Report

The accompanying six-month unconsolidated financial statements and notes to these financial statements which are expressed, unless otherwise stated, **in thousands of Turkish Lira (“TL”)**, have been prepared and presented based on the accounting books of the Bank in accordance with the Regulation on Accounting Applications for Banks and Safeguarding of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards, and related appendices and interpretations of these, and have been limitedly reviewed and presented hereafter.

Jalal GASIMOV	Furkan EVRANOS	Shahin MAMMADOV
Chairman of	Chairman of	Member of
Board of Directors	Audit Committee	Audit Committee

H. Cenk EYNEHAN	Ayşe Hale YILDIRIM	Dila Merve DURAN
CEO	Deputy CEO	Head of Financial Planning and Control

Contact information of the personnel in charge of the addressing of questions about this financial report:

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CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED FINANCIAL STATEMENTS  
ORIGINALLY ISSUED IN TURKISH

**PASHA YATIRIM BANK A.Ş.**

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**

**AS OF 30 JUNE 2025**

(Amounts are expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

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**SECTION ONE**

**GENERAL INFORMATION**

**I. History of the Bank including its incorporation date, initial legal status, amendments to legal status**

Bank’s commercial title	PASHA Yatırım Bankası A.Ş.
Reporting Period	1 January - 30 June 2025
Address of the Bank’s Headquarters	Sultan Selim Mahallesi Hümeyra Sokak PASHA Plaza No:2/7 34415 Kağıthane, İstanbul
Telephone	(0 212) 705 89 00
Fax	(0 212) 345 07 12
Website	<a href="http://www.pashabank.com.tr">www.pashabank.com.tr</a>
E-mail	<a href="mailto:info@pashabank.com.tr">info@pashabank.com.tr</a>

PASHA Yatırım Bankası A.Ş. (“Bank”, “PASHA Bank”) has been permitted by the decree no. 87/11898 dated 17 June 1987 by the Council of Ministers pursuant to the repealed Banking Law No. 3182 and the Bank, as a subsidiary of Bahrain based TAIB Bank B.S.C.(c) has been established under the trade name of Yatırım Bank A.Ş. headquartered in İstanbul on the date of 25 December 1987. The trade name of the Bank have been changed to TAIB YatırımBank A.Ş. in effect from 29 May 1997.

In the year 2013, Aksoy Holding A.Ş. acquired the majority shares of the Bank, which until then had been held by TAIB Bank B.S.C.(c), and became the controlling shareholder. Acquisition of the Bank’s share capital for as much as TL 28,795 from Aksoy Holding A.Ş. by the PASHA Bank OJSC, Baku based financial organization, and thus directly obtaining 79.92% of its shares upon at the same time increasing the paid-up capital from TL 80,000 to TL 255,000, by injecting TL 175,000 cash and; acquisition of the 47.95% of the shares indirectly by PASHA Holding LLC, had been approved by the resolution of the Banking Regulation and Supervision Board, dated 26 December 2014 and numbered 6137. This share transfer had been recorded in the Bank’s share ledger, as of the date of 27 January 2015.

The amendment of the Bank’s Articles of Association, including at the same time the change of its business name to PASHA Yatırım Bankası A.Ş. and its brand name to PASHA Bank, had been decided by the Extraordinary General Assembly on the date of 27 January 2015 and had taken effect upon having been published in the Trade Registry Gazette of Türkiye, dated 6 March 2015 and numbered 8773.

Upon transfer of the total TL 51,000 shares of Aksoy Holding A.Ş. to PASHA Bank OJSC, the ratio of PASHA Bank OJSC’s shares in the Bank had reached 99.92%, and the ratio of the indirect shareholding of PASHA Holding LLC had reached to 59.95%, as permitted by the resolution of the Banking Regulation and Supervision Board, dated 18 December 2015 and numbered 6583 and this share transfer had been recorded in the share ledger, as per the resolution of the Board of Directors, dated 24 December 2015 and numbered 110.

Increasing of the Bank’s paid-up capital to TL 500,000, by PASHA Holding LLC – which indirectly owned 59.95% of the total share capital – by injecting TL 245,000 cash, and thus directly acquiring 49% of the shares as permitted by the resolution of the Banking Regulation and Supervision Board, dated 4 May 2018 and numbered 7803, had been approved and; as the result of this capital increase, the total direct and indirect shareholding of PASHA Holding LLC in the Bank had increased to 79.57%.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED FINANCIAL STATEMENTS  
ORIGINALLY ISSUED IN TURKISH

**PASHA YATIRIM BANK A.Ş.**

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**

**AS OF 30 JUNE 2025**

(Amounts are expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

**GENERAL INFORMATION (continued)**

**I. History of the Bank including its incorporation date, initial legal status, amendments to legal status (continued)**

Within the framework of the approval granted by the Banking Regulation and Supervision Agency (“BRSA”) with its decision dated 26 December 2023, and numbered 10761, a share transfer took place between PASHA Bank OJSC and PASHA Holding LLC, resulting in changes to the Bank's capital and ownership structure. As of 29 December 2023, PASHA Holding LLC's share is TL 358,748,764.00, with a shareholding ratio of 71.7498%, and PASHA Bank OJSC's share is TL 141,046,357.00, with a shareholding ratio of 28.2093%, as recorded in the shareholder register.

As of 30 June 2025, the paid-in capital of PASHA Investment Bank A.Ş. is TL 500 million, and PASHA Holding LLC is the majority shareholder of the Bank. The Bank's Articles of Association had been amended by the resolution of the Extraordinary General Assembly, dated 15 March 2024 and registered by the Trade Registry Directorate of Istanbul on the date of 29 March 2024 and had been announced in the 11054th issue of the Trade Registry Gazette of Türkiye, dated 29 March 2024.

**II. Bank's shareholder structure, management and internal audit, direct and indirect shareholders, change in shareholder structure during the year and information on its risk group**

There were no changes in the Bank's share capital, Articles of Association and ownership structure during the period and the shareholding structure of the Bank as of 30 June 2025, is stated below:

<b>Name Surname/Commercial Title</b>	<b>Capital</b>	<b>%</b>
PASHA Holding LLC	358,749	71.75%
PASHA Bank OJSC	141,046	28.21%
Other	205	0.04%
<b>Total</b>	<b>500,000</b>	<b>100.00%</b>

Paid-in-capital of the Bank is divided into 500,000,000 registered shares of TL 1.00 (full) par value. Each share has one voting right. The Bank has no preferred shares.

As of 30 June 2025, the shareholders of PASHA Holding LLC are Bless LLC, Reveri LLC, Mr. Arif Pashayev and Mr. Mir Jamal Pashayev with rates of 37.50%, 37.50%, 15.00% and 10.00% respectively.

As of 30 June 2025, the shareholders of PASHA Bank OJSC are PASHA Holding LLC, Bless LLC, Mr. Arif Pashayev and Mr. Mir Jamal Pashayev with rates of 56.82%, 28.18%, 9.99% and 5.01% respectively.

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**PASHA YATIRIM BANK A.Ş.**

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**

**AS OF 30 JUNE 2025**

(Amounts are expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

**GENERAL INFORMATION (continued)**

**III. Information on Bank’s board of directors chairman and members, audit committee members, chief executive officer, executive vice presidents and their responsibilities and shareholdings in the Bank**

Title	Name	Education	Responsibilities
Chairman of the Board of Directors	Jalal Gasimov	Postgraduate	Chairman of the Board of Directors
Deputy Chairman of the Board of Directors	Rovshan Allahverdiyev	Graduate	Deputy Chairman of the Board of Directors
Board Member / Audit Committee Member(**)	Shahin Mammadov	PhD	Board Member and Audit Committee Member
Board Member	Javid Guliyev	Postgraduate	Board Member
Board Member(**)	Kamala Nuriyeva	Postgraduate	Board Member
Board Member(*)	Nuri Tuncalı	Graduate	Board Member
Independent Board Member / Audit Committee Chairman	Furkan Evranos	PhD	Independent Board Member and Audit Committee Chairman
Board Member and CEO	Hikmet Cenk Eynchan	Postgraduate	Board Member and CEO
Deputy CEO (Acting CEO)	Ayşe Hale Yıldırım	Postgraduate	Corporate and Commercial Banking, Operations, Project Management, Legal, Corporate Communications, and Administrative Affairs

(\*) As his independent board member status expires as of 29 March 2025, Nuri Tuncalı will continue to serve as a Board Member for the remaining term.

(\*\*) It has been decided that Shahin Mammadov will be appointed as a Audit Committee Member, replacing Kamala Nuriyeva, as of 30 April 2025.

The Chairman and the Members of the Board of Directors, as well as the CEO and Deputy CEOs do not possess shares of the Bank directly or indirectly.

**IV. Information on Bank’s qualified shareholders**

Explanation on shareholders having control shares of the Bank as of 30 June 2025, is stated below;

Name/Commercial title	Share Amounts (nominal)	Share percentage	Paid-in Capital (nominal)	Unpaid portion
Leyla Aliyeva	181,785	36.41%	181,785	-
Arzu Aliyeva	181,785	36.41%	181,785	-
Arif Pashayev	84,769	16.95%	84,769	-
Mir Jamal Pashayev	50,950	10.19%	50,950	-

**V. Summary information on the Bank’s activities and services**

The Bank operates as an investment bank and, as of 30 June 2025 the Bank has 67 employees (31 December 2024 - 68). The Bank has been operating through its Head Office in Istanbul only as of 30 June 2025 and the Bank has no branches.

The Bank was set up to engage in all sorts of domestic and foreign investment and development banking activities, subject to receiving the required official permissions, including but in no way limited to the fields of activity indicated below. These activities are mainly:

Extending cash and non-cash credits of any sort and manner, cash and on-account payment and fund transfer operations, all sorts of payment and collection operations including correspondent banking or use of checking accounts, operations for drawing up checks and other bills of exchange, safekeeping services, foreign exchange transactions including cash, purchase and sale of money market instruments, transactions for purchase, sale of precious metals and stones or escrow transactions for them, brokerage operations for sale of capital market instruments through issuance or public offering, portfolio operations and management, factoring and forfeiting transactions, financial leasing transactions.

Additionally, in accordance with the Capital Markets Board's authorization certificate dated 30/12/2015 and numbered BNK-019 (081), the Bank has been authorized to provide trading brokerage activity, portfolio brokerage activity, best-effort copy public offering brokerage activity and limited custody services.

**VI. Current or likely actual or legal barriers to immediate transfer of equity or repayment of debts between the Bank and its subsidiaries**

None.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED FINANCIAL STATEMENTS  
ORIGINALLY ISSUED IN TURKISH

**PASHA YATIRIM BANKASI A.Ş.**  
**UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)**  
**AS OF 30 JUNE 2025**

(Amounts are expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

	ASSETS	Note	Current Period 30/06/2025			Prior Period 31/12/2024		
			LC	FC	Total	LC	FC	Total
<b>I.</b>	<b>FINANCIAL ASSETS (Net)</b>		<b>585,945</b>	<b>2,322,826</b>	<b>2,908,771</b>	<b>305,551</b>	<b>3,245,421</b>	<b>3,550,972</b>
1.1	Cash and cash equivalents		444,851	2,170,935	2,615,786	61,605	3,142,722	3,204,327
1.1.1	Cash and balances at Central Bank	(5.1.1)	16,415	1,640,982	1,657,397	28,738	1,768,964	1,797,702
1.1.2	Banks	(5.1.3)	38,196	533,132	571,328	32,921	1,376,292	1,409,213
1.1.3	Money market placements		390,511	-	390,511	-	-	-
1.1.4	Expected credit losses (-)		(271)	(3,179)	(3,450)	(54)	(2,534)	(2,588)
1.2	Financial assets at fair value through profit or loss	(5.1.2)	16,684	130,218	146,902	12,378	83,713	96,091
1.2.1	Government debt securities		-	-	-	-	-	-
1.2.2	Equity instruments		-	130,218	130,218	-	83,713	83,713
1.2.3	Other financial assets		16,684	-	16,684	12,378	-	12,378
1.3	Financial assets at fair value through other comprehensive income	(5.1.4)	124,216	21,673	145,889	231,568	18,986	250,554
1.3.1	Government debt securities		94,264	-	94,264	182,210	-	182,210
1.3.2	Equity instruments		7,659	-	7,659	-	-	7,659
1.3.3	Other financial assets		22,293	21,673	43,966	41,699	18,986	60,685
1.4	Derivative financial assets		194	-	194	-	-	-
1.4.1	Derivative financial assets at fair value through profit or loss	(5.1.2)	194	-	194	-	-	-
1.4.2	Derivative financial assets at fair value through other comprehensive income	(5.1.11)	-	-	-	-	-	-
<b>II.</b>	<b>FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)</b>		<b>3,642,766</b>	<b>5,760,295</b>	<b>9,403,061</b>	<b>3,968,722</b>	<b>4,558,420</b>	<b>8,527,142</b>
2.1	Loans	(5.1.5)	2,717,676	3,337,438	6,055,114	3,186,899	2,620,456	5,807,355
2.2	Receivables from leasing transactions	(5.1.10)	551,049	953,882	1,504,931	498,701	722,328	1,221,029
2.3	Factoring receivables		-	-	-	-	-	-
2.4	Financial assets measured at amortised cost	(5.1.6)	401,586	1,491,797	1,893,383	316,839	1,230,190	1,547,029
2.4.1	Government debt securities		401,586	360,438	762,024	316,839	571,353	888,192
2.4.2	Other financial assets		-	1,131,359	1,131,359	-	658,837	658,837
2.5	Expected credit losses (-)	(5.1.5)	(27,545)	(22,822)	(50,367)	(33,717)	(14,554)	(48,271)
<b>III.</b>	<b>ASSETS HELD FOR SALE AND ASSETS FROM DISCONTINUED OPERATIONS (Net)</b>	(5.1.16)	-	-	-	-	-	-
3.1	Assets held for sale		-	-	-	-	-	-
3.2	Assets from discontinued operations		-	-	-	-	-	-
<b>IV.</b>	<b>INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES</b>		-	-	-	-	-	-
4.1	Investments in associates (Net)	(5.1.7)	-	-	-	-	-	-
4.1.1	Associates accounted by using equity method		-	-	-	-	-	-
4.1.2	Non-consolidated associates		-	-	-	-	-	-
4.2	Investments in subsidiaries (Net)	(5.1.8)	-	-	-	-	-	-
4.2.1	Non-consolidated financial subsidiaries		-	-	-	-	-	-
4.2.2	Non-consolidated non-financial subsidiaries		-	-	-	-	-	-
4.3	Jointly Controlled Partnerships (Joint Ventures) (Net)	(5.1.9)	-	-	-	-	-	-
4.3.1	Jointly controlled partnerships accounted by using equity method		-	-	-	-	-	-
4.3.2	Non-consolidated jointly controlled partnerships		-	-	-	-	-	-
<b>V.</b>	<b>TANGIBLE ASSETS (Net)</b>	(5.1.12)	<b>81,520</b>	-	<b>81,520</b>	<b>72,654</b>	-	<b>72,654</b>
<b>VI.</b>	<b>INTANGIBLE ASSETS AND GOODWILL (Net)</b>	(5.1.14)	<b>21,933</b>	-	<b>21,933</b>	<b>21,294</b>	-	<b>21,294</b>
6.1	Goodwill		-	-	-	-	-	-
6.2	Other		21,933	-	21,933	21,294	-	21,294
<b>VII.</b>	<b>INVESTMENT PROPERTIES (Net)</b>	(5.1.13)	<b>207,663</b>	-	<b>207,663</b>	<b>208,487</b>	-	<b>208,487</b>
<b>VIII.</b>	<b>CURRENT TAX ASSETS</b>		<b>46</b>	-	<b>46</b>	-	-	-
<b>IX.</b>	<b>DEFERRED TAX ASSETS</b>	(5.1.15)	<b>474,567</b>	-	<b>474,567</b>	<b>398,884</b>	-	<b>398,884</b>
<b>X.</b>	<b>OTHER ASSETS (Net)</b>	(5.1.17)	<b>230,088</b>	<b>131</b>	<b>230,219</b>	<b>133,876</b>	-	<b>133,876</b>
	<b>TOTAL ASSETS</b>		<b>5,244,528</b>	<b>8,083,252</b>	<b>13,327,780</b>	<b>5,109,468</b>	<b>7,803,841</b>	<b>12,913,309</b>

The accompanying notes are an integral part of these financial statements.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED FINANCIAL STATEMENTS  
ORIGINALLY ISSUED IN TURKISH

**PASHA YATIRIM BANKASI A.Ş.**  
**UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)**  
**AS OF 30 JUNE 2025**

(Amounts are expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

	LIABILITIES	Note	Current Period 30/06/2025			Prior Period 31/12/2024		
			LC	FC	Total	LC	FC	Total
<b>I.</b>	<b>DEPOSITS</b>	(5.2.1)	-	-	-	-	-	-
<b>II.</b>	<b>FUNDS BORROWED</b>	(5.2.3)	2,151,391	4,970,193	7,121,584	1,915,338	3,562,212	5,477,550
<b>III.</b>	<b>MONEY MARKET PAYABLES</b>	(5.2.4)	589,142	539,516	1,128,658	806,946	612,426	1,419,372
<b>IV.</b>	<b>SECURITIES ISSUED (Net)</b>	(5.2.5)	220,949	998,516	1,219,465	261,580	886,722	1,148,302
4.1	Bills		220,949	-	220,949	261,580	-	261,580
4.2	Asset backed securities		-	-	-	-	-	-
4.3	Bonds		-	998,516	998,516	-	886,722	886,722
<b>V.</b>	<b>FUNDS</b>		15,326	300,068	315,394	22,249	443,565	465,814
5.1	Borrower funds		4,510	14,676	19,186	4,096	34,817	38,913
5.2	Other		10,816	285,392	296,208	18,153	408,748	426,901
<b>VI.</b>	<b>FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		-	-	-	-	-	-
<b>VII.</b>	<b>DERIVATIVE FINANCIAL LIABILITIES</b>		147	-	147	-	-	-
7.1	Derivative financial liabilities at fair value through profit or loss	(5.2.2)	147	-	147	-	-	-
7.2	Derivative financial liabilities at fair value through other comprehensive income	(5.2.8)	-	-	-	-	-	-
<b>VIII.</b>	<b>FACTORING PAYABLES</b>		-	-	-	-	-	-
<b>IX.</b>	<b>LEASE PAYABLES (Net)</b>	(5.2.7)	367	-	367	399	-	399
<b>X.</b>	<b>PROVISIONS</b>	(5.2.9)	35,444	2,114	37,558	49,278	2,228	51,506
10.1	Provision for restructuring		-	-	-	-	-	-
10.2	Reserves for employee benefits		7,744	-	7,744	5,245	-	5,245
10.3	Insurance technical provisions (Net)		-	-	-	-	-	-
10.4	Other provisions		27,700	2,114	29,814	44,033	2,228	46,261
<b>XI.</b>	<b>CURRENT TAX LIABILITIES</b>	(5.2.10)	27,448	-	27,448	46,730	-	46,730
<b>XII.</b>	<b>DEFERRED TAX LIABILITIES</b>	(5.2.11)	-	-	-	-	-	-
<b>XIII.</b>	<b>LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS FROM DISCONTINUED OPERATIONS (Net)</b>	(5.2.12)	-	-	-	-	-	-
13.1	Held for sale		-	-	-	-	-	-
13.2	Related to discontinued operations		-	-	-	-	-	-
<b>XIV.</b>	<b>SUBORDINATED DEBT</b>	(5.2.13)	-	993,677	993,677	-	882,285	882,285
14.1	Loans		-	993,677	993,677	-	882,285	882,285
14.2	Other debt instruments		-	-	-	-	-	-
<b>XV.</b>	<b>OTHER LIABILITIES</b>	(5.2.6)	291,687	164,610	456,297	273,655	1,372,422	1,646,077
<b>XVI.</b>	<b>SHAREHOLDERS' EQUITY</b>	(5.2.14)	2,025,242	1,943	2,027,185	1,773,808	1,466	1,775,274
16.1	Paid-in capital		500,000	-	500,000	500,000	-	500,000
16.2	Capital reserves		-	-	-	-	-	-
16.2.1	Share premiums		-	-	-	-	-	-
16.2.2	Share cancellation profits		-	-	-	-	-	-
16.2.3	Other capital reserves		-	-	-	-	-	-
16.3	Other comprehensive income/expense that will not be reclassified in profit or loss		-	-	-	-	-	-
16.4	Other comprehensive income/expense that will be reclassified in profit or loss		(1,511)	1,943	432	(12,829)	1,466	(11,363)
16.5	Profit reserves		1,250,137	-	1,250,137	823,764	-	823,764
16.5.1	Legal reserves		64,915	-	64,915	41,771	-	41,771
16.5.2	Statutory reserves		295	-	295	295	-	295
16.5.3	Extraordinary reserves		1,184,927	-	1,184,927	781,698	-	781,698
16.5.4	Other profit reserves		-	-	-	-	-	-
16.6	Profit or loss		276,616	-	276,616	462,873	-	462,873
16.6.1	Prior years' profits or losses		-	-	-	-	-	-
16.6.2	Current period net profit or loss		276,616	-	276,616	462,873	-	462,873
	<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>5,357,143</b>	<b>7,970,637</b>	<b>13,327,780</b>	<b>5,149,983</b>	<b>7,763,326</b>	<b>12,913,309</b>

The accompanying notes are an integral part of these financial statements.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED FINANCIAL STATEMENTS  
ORIGINALLY ISSUED IN TURKISH

**PASHA YATIRIM BANKASI A.Ş.**  
**UNCONSOLIDATED STATEMENT OF OFF-BALANCE SHEET ITEMS**  
**AS OF 30 JUNE 2025**

(Amounts are expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

OFF-BALANCE SHEET ITEMS	Note	Current Period 30/06/2025			Prior Period 31/12/2024		
		LC	FC	Total	LC	FC	Total
<b>A. OFF-BALANCE SHEET COMMITMENTS (I+II+III)</b>		770,486	709,017	1,479,503	703,448	619,984	1,323,432
<b>I. GUARANTEES AND WARRANTIES</b>	(5.3.1)	644,922	579,574	1,224,496	703,448	615,576	1,319,024
1.1. Letters of Guarantee		642,422	441,687	1,084,109	700,948	449,681	1,150,629
1.1.1. Guarantees Subject to State Tender Law		-	-	-	-	-	-
1.1.2. Guarantees Given for Foreign Trade Operations		-	-	-	-	-	-
1.1.3. Other Letters of Guarantee		642,422	441,687	1,084,109	700,948	449,681	1,150,629
1.2. Bank Acceptances		-	-	-	-	-	-
1.2.1. Import Letter of Acceptance		-	-	-	-	-	-
1.2.2. Other Bank Acceptances		-	-	-	-	-	-
1.3. Letters of Credit		-	15,504	15,504	-	21,906	21,906
1.3.1. Documentary Letters of Credit		-	-	-	-	-	-
1.3.2. Other Letters of Credit		-	15,504	15,504	-	21,906	21,906
1.4. Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5. Endorsements		-	-	-	-	-	-
1.5.1. Endorsements to the Central Bank of the Republic of Türkiye		-	-	-	-	-	-
1.5.2. Other Endorsements		-	-	-	-	-	-
1.6. Securities Issue Purchase Guarantees		-	-	-	-	-	-
1.7. Factoring Guarantees		-	-	-	-	-	-
1.8. Other Guarantees		2,500	122,383	124,883	2,500	143,989	146,489
1.9. Other Collaterals		-	-	-	-	-	-
<b>II. COMMITMENTS</b>	(5.3.1)	125,564	129,443	255,007	-	4,408	4,408
2.1. Irrevocable Commitments		125,564	129,443	255,007	-	4,408	4,408
2.1.1. Asset Purchase and Sales Commitments		125,564	125,108	250,672	-	-	-
2.1.2. Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3. Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4. Commitments for Loan Limits		-	-	-	-	-	-
2.1.5. Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6. Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7. Commitments for Cheques		-	-	-	-	-	-
2.1.8. Tax and Fund Liabilities from Export Commitments		-	-	-	-	-	-
2.1.9. Commitments for Credit Card Limits		-	-	-	-	-	-
2.1.10. Promotion Commitments for Credit Cards and Banking Services		-	-	-	-	-	-
2.1.11. Receivables from Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.12. Payables for Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.13. Other Irrevocable Commitments		-	4,335	4,335	-	4,408	4,408
2.2. Revocable Commitments		-	-	-	-	-	-
2.2.1. Revocable Commitments for Loan Limits		-	-	-	-	-	-
2.2.2. Other Revocable Commitments		-	-	-	-	-	-
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>		-	-	-	-	-	-
3.1. Hedging Derivative Financial Instruments		-	-	-	-	-	-
3.1.1. Transactions for Fair Value Hedge		-	-	-	-	-	-
3.1.2. Transactions for Cash Flow Hedge		-	-	-	-	-	-
3.1.3. Transactions for Foreign Net Investment Hedge		-	-	-	-	-	-
3.2. Trading Derivative Financial Instruments		-	-	-	-	-	-
3.2.1. Forward Foreign Currency Buy/Sell Transactions		-	-	-	-	-	-
3.2.1.1. Forward Foreign Currency Transactions-Buy		-	-	-	-	-	-
3.2.1.2. Forward Foreign Currency Transactions-Sell		-	-	-	-	-	-
3.2.2. Swap Transactions Related to Foreign Currency and Interest Rates		-	-	-	-	-	-
3.2.2.1. Foreign Currency Swap-Buy		-	-	-	-	-	-
3.2.2.2. Foreign Currency Swap-Sell		-	-	-	-	-	-
3.2.2.3. Interest Rate Swap-Buy		-	-	-	-	-	-
3.2.2.4. Interest Rate Swap-Sell		-	-	-	-	-	-
3.2.3. Foreign Currency, Interest rate and Securities Options		-	-	-	-	-	-
3.2.3.1. Foreign Currency Options-Buy		-	-	-	-	-	-
3.2.3.2. Foreign Currency Options-Sell		-	-	-	-	-	-
3.2.3.3. Interest Rate Options-Buy		-	-	-	-	-	-
3.2.3.4. Interest Rate Options-Sell		-	-	-	-	-	-
3.2.3.5. Securities Options-Buy		-	-	-	-	-	-
3.2.3.6. Securities Options-Sell		-	-	-	-	-	-
3.2.4. Foreign Currency Futures		-	-	-	-	-	-
3.2.4.1. Foreign Currency Futures-Buy		-	-	-	-	-	-
3.2.4.2. Foreign Currency Futures-Sell		-	-	-	-	-	-
3.2.5. Interest Rate Futures		-	-	-	-	-	-
3.2.5.1. Interest Rate Futures-Buy		-	-	-	-	-	-
3.2.5.2. Interest Rate Futures-Sell		-	-	-	-	-	-
3.2.6. Other		-	-	-	-	-	-
<b>B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)</b>		8,430,593	5,122,275	13,552,868	6,959,092	6,731,764	13,690,856
<b>IV. ITEMS HELD IN CUSTODY</b>		382,943	1,049,540	1,432,483	285,211	1,045,041	1,330,252
4.1. Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2. Investment Securities Held in Custody		377,657	1,049,540	1,427,197	249,108	1,045,041	1,294,149
4.3. Cheques Received for Collection		5,286	-	5,286	36,103	-	36,103
4.4. Commercial Notes Received for Collection		-	-	-	-	-	-
4.5. Other Assets Received for Collection		-	-	-	-	-	-
4.6. Assets Received for Public Offering		-	-	-	-	-	-
4.7. Other Items Under Custody		-	-	-	-	-	-
4.8. Custodians		-	-	-	-	-	-
<b>V. PLEDGES RECEIVED</b>		8,040,301	3,773,247	11,813,548	6,669,211	5,269,858	11,939,069
5.1. Marketable Securities		645,661	-	645,661	642,477	-	642,477
5.2. Guarantee Notes		3,417,345	463,404	3,880,749	2,354,731	408,777	2,763,508
5.3. Commodity		581,606	673,000	1,254,606	1,053,482	671,377	1,726,859
5.4. Warranty		-	-	-	-	-	-
5.5. Immovable		892,042	632,697	1,524,739	1,078,442	548,506	1,626,948
5.6. Other Pledged Items		2,503,647	2,004,146	4,507,793	1,538,079	3,641,198	5,179,277
5.7. Pledged Items-Depository		-	-	-	-	-	-
<b>VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES</b>		7,349	299,488	306,837	4,670	416,865	421,535
<b>TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)</b>		9,201,079	5,831,292	15,032,371	7,662,540	7,351,748	15,014,288

The accompanying notes are an integral part of these financial statements.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED FINANCIAL STATEMENTS  
ORIGINALLY ISSUED IN TURKISH

**PASHA YATIRIM BANKASI A.Ş.**  
**UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**FOR THE INTERIM PERIOD ENDED 30 JUNE 2025**

(Amounts are expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

	PROFIT OR LOSS STATEMENT	Note	Current Period 01/01/2025- 30/06/2025	Prior Period 01/01/2024- 30/06/2024	Current Period 01/04/2025- 30/06/2025	Prior Period 01/04/2024- 30/06/2024
<b>I.</b>	<b>INTEREST INCOME</b>	(5.4.1)	<b>1,100,256</b>	<b>714,783</b>	<b>551,466</b>	<b>384,334</b>
1.1	Interest on loans		761,316	492,702	384,758	272,599
1.2	Interest received from reserve deposits		10,078	18,844	3,815	11,483
1.3	Interest received from banks		25,924	12,475	10,070	8,866
1.4	Interest received from money market transactions		4,124	3,181	1,329	830
1.5	Interest received from marketable securities portfolio		148,582	72,675	74,724	36,085
1.5.1	Financial assets at fair value through profit or loss		2	-	2	-
1.5.2	Financial assets at fair value through other comprehensive income		29,731	28,685	12,099	14,038
1.5.3	Financial assets measured at amortised cost		118,849	43,990	62,623	22,047
1.6	Finance lease income		150,132	114,774	76,724	54,440
1.7	Other interest income		100	132	46	31
<b>II.</b>	<b>INTEREST EXPENSES (-)</b>	(5.4.2)	<b>760,773</b>	<b>459,898</b>	<b>382,905</b>	<b>259,879</b>
2.1	Interest on deposits		-	-	-	-
2.2	Interest on funds borrowed		488,021	284,174	265,679	161,259
2.3	Interest on money market transactions		157,803	77,800	59,709	39,928
2.4	Interest on securities issued		96,841	77,904	48,716	48,552
2.5	Finance lease expense		111	67	35	52
2.6	Other interest expenses	(5.4.12)	17,997	19,953	8,766	10,088
<b>III.</b>	<b>NET INTEREST INCOME/EXPENSE (I - II)</b>		<b>339,483</b>	<b>254,885</b>	<b>168,561</b>	<b>124,455</b>
<b>IV.</b>	<b>NET FEES AND COMMISSIONS INCOME/EXPENSES</b>		<b>27,703</b>	<b>49,219</b>	<b>15,279</b>	<b>25,742</b>
4.1	Fees and commissions received		38,987	57,103	20,518	29,775
4.1.1	Non-cash loans		8,450	8,590	4,410	4,680
4.1.2	Other	(5.4.12)	30,537	48,513	16,108	25,095
4.2	Fees and commissions paid (-)		11,284	7,884	5,239	4,033
4.2.1	Non-cash Loans		6,249	3,974	3,275	2,016
4.2.2	Other	(5.4.12)	5,035	3,910	1,964	2,017
<b>V.</b>	<b>DIVIDEND INCOME</b>	(5.4.3)	<b>1,029</b>	-	-	-
<b>VI.</b>	<b>TRADING PROFIT/LOSS (Net)</b>	(5.4.4)	<b>86,100</b>	<b>96,724</b>	<b>33,603</b>	<b>53,108</b>
6.1	Trading gain/loss on securities		27,248	(10,362)	4,484	244
6.2	Gain/loss on derivative financial transactions		(35)	3,160	(15)	276
6.3	Foreign exchange gain/loss		58,887	103,926	29,134	52,588
<b>VII.</b>	<b>OTHER OPERATING INCOME</b>	(5.4.5)	<b>52,387</b>	<b>35,327</b>	<b>34,677</b>	<b>14,705</b>
<b>VIII.</b>	<b>GROSS OPERATING INCOME (III+IV+V+VI+VII)</b>		<b>506,702</b>	<b>436,155</b>	<b>252,120</b>	<b>218,010</b>
<b>IX.</b>	<b>EXPECTED CREDIT LOSSES (-)</b>	(5.4.6)	<b>38,021</b>	<b>46,225</b>	<b>19,087</b>	<b>18,831</b>
<b>X.</b>	<b>OTHER PROVISION EXPENSES (-)</b>	(5.4.6)	-	-	-	-
<b>XI.</b>	<b>PERSONNEL EXPENSES (-)</b>		<b>145,769</b>	<b>92,787</b>	<b>74,045</b>	<b>53,668</b>
<b>XII.</b>	<b>OTHER OPERATING EXPENSES (-)</b>	(5.4.7)	<b>80,573</b>	<b>56,147</b>	<b>43,500</b>	<b>29,522</b>
<b>XIII.</b>	<b>NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)</b>		<b>242,339</b>	<b>240,996</b>	<b>115,488</b>	<b>115,989</b>
<b>XIV.</b>	<b>INCOME RESULTED FROM MERGERS</b>		-	-	-	-
<b>XV.</b>	<b>INCOME/LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING</b>		-	-	-	-
<b>XVI.</b>	<b>GAIN/LOSS ON NET MONETARY POSITION</b>		-	-	-	-
<b>XVII.</b>	<b>PROFIT/LOSS BEFORE TAXES FROM CONTINUING OPERATIONS (XIII+...+XVI)</b>	(5.4.8)	<b>242,339</b>	<b>240,996</b>	<b>115,488</b>	<b>115,989</b>
<b>XVIII.</b>	<b>PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)</b>	(5.4.9)	<b>(34,277)</b>	<b>(14,335)</b>	<b>(23,189)</b>	<b>(32,796)</b>
18.1	Current tax provision		46,461	74,888	18,242	44,339
18.2	Expense effect of deferred tax (+)		16,880	8,522	4,780	(7,177)
18.3	Income effect of deferred tax (-)		97,618	97,745	46,211	69,958
<b>XIX.</b>	<b>NET PROFIT/LOSS FROM CONTINUING OPERATIONS (XVII±XVIII)</b>	(5.4.10)	<b>276,616</b>	<b>255,331</b>	<b>138,677</b>	<b>148,785</b>
<b>XX.</b>	<b>INCOME FROM DISCONTINUED OPERATIONS</b>		-	-	-	-
20.1	Income from assets held for sale		-	-	-	-
20.2	Profit from sale of associates, subsidiaries and joint ventures		-	-	-	-
20.3	Other income from discontinued operations		-	-	-	-
<b>XXI.</b>	<b>EXPENSES FROM DISCONTINUED OPERATIONS (-)</b>		-	-	-	-
21.1	Expenses from assets held for sale		-	-	-	-
21.2	Losses from sale of associates, subsidiaries and joint ventures		-	-	-	-
21.3	Other expenses from discontinued operations		-	-	-	-
<b>XXII.</b>	<b>PROFIT/LOSS BEFORE TAXES FROM DISCONTINUED OPERATIONS (XX-XXI)</b>	(5.4.8)	-	-	-	-
<b>XXIII.</b>	<b>TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>	(5.4.9)	-	-	-	-
23.1	Current tax provision		-	-	-	-
23.2	Expense effect of deferred tax (+)		-	-	-	-
23.3	Income effect of deferred tax (-)		-	-	-	-
<b>XXIV.</b>	<b>NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)</b>	(5.4.10)	-	-	-	-
<b>XXV.</b>	<b>NET PROFIT/LOSSES (XIX+XXIV)</b>	(5.4.11)	<b>276,616</b>	<b>255,331</b>	<b>138,677</b>	<b>148,785</b>
	Earnings per share (Expressed in exact TL)		0.5532	0.5107	0.2773	0.2976

The accompanying notes are an integral part of these financial statements.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED FINANCIAL STATEMENTS  
ORIGINALLY ISSUED IN TURKISH

**PASHA YATIRIM BANKASI A.Ş.**

**UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE  
INCOME FOR THE INTERIM PERIOD ENDED 30 JUNE 2025**

(Amounts are expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

		Current Period 01/01/2025- 30/06/2025	Prior Period 01/01/2024- 30/06/2024
<b>I.</b>	<b>CURRENT PERIOD PROFIT/LOSS</b>	<b>276,616</b>	<b>255,331</b>
<b>II.</b>	<b>OTHER COMPREHENSIVE INCOME</b>	<b>11,795</b>	<b>(8,462)</b>
<b>2.1</b>	<b>Other comprehensive income that will not be reclassified to profit or loss</b>	-	-
2.1.1	Gains/losses on revaluation of property, plant and equipment	-	-
2.1.2	Gains/losses on revaluation of intangible assets	-	-
2.1.3	Defined benefit plans' actuarial gains/losses	-	-
2.1.4	Other income/expense items not to be reclassified to profit or loss	-	-
2.1.5	Deferred taxes on other comprehensive income not to be reclassified to profit or loss	-	-
<b>2.2</b>	<b>Other comprehensive income that will be reclassified to profit or loss</b>	<b>11,795</b>	<b>(8,462)</b>
2.2.1	Translation differences	-	-
2.2.2	Income/expenses from valuation and/or reclassification of financial assets at fair value through other comprehensive income	16,850	(12,089)
2.2.3	Gains/losses from cash flow hedges	-	-
2.2.4	Gains/losses on hedges of net investments in foreign operations	-	-
2.2.5	Other income/expense items to be reclassified to profit or loss	-	-
2.2.6	Deferred taxes on other comprehensive income to be reclassified to profit or loss	(5,055)	3,627
<b>III.</b>	<b>TOTAL COMPREHENSIVE INCOME (I+II)</b>	<b>288,411</b>	<b>246,869</b>

The accompanying notes are an integral part of these financial statements.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

**PASHA YATIRIM BANKASI A.Ş.**  
**UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE INTERIM PERIOD ENDED 30 JUNE 2025**

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

	Note	Paid-in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves	Other Accumulated Comprehensive Income That Will Not Be Reclassified In Profit and Loss			Other Accumulated Comprehensive Income That Will Be Reclassified In Profit and Loss			Profit Reserves	Prior Period Profit/(Loss)	Current Period Profit or (Loss)	Total Shareholders' Equity
						1	2	3	4	5	6				
<b>Prior Period 01/01/2024 – 30/06/2024</b>															
<b>I.</b>	<b>Balance at the beginning of the period</b>	<b>500,000</b>	-	-	-	-	-	-	-	(10,562)	-	313,764	-	525,002	1,328,204
<b>II.</b>	<b>Correction made as per TAS 8</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	Effect of corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>III.</b>	<b>New balance (I+II)</b>	<b>500,000</b>	-	-	-	-	-	-	-	(10,562)	-	313,764	-	525,002	1,328,204
<b>IV.</b>	<b>Total comprehensive income/loss</b>	-	-	-	-	-	-	-	-	(8,462)	-	-	-	255,331	246,869
V.	Capital increase by cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Capital increase by internal reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Paid-in capital inflation adjustment difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Convertible bonds to shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Subordinated debt instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Increase/decrease by other changes	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XI.</b>	<b>Profit distribution</b>	-	-	-	-	-	-	-	-	-	-	510,000	-	(525,002)	(15,002)
11.1	Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-	(15,002)	(15,002)
11.2	Transfers to reserves	-	-	-	-	-	-	-	-	-	-	510,000	-	(510,000)	-
11.3	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>Period-End Balance (III+IV+.....+X+XI)</b>	<b>500,000</b>	-	-	-	-	-	-	-	(19,024)	-	823,764	-	255,331	1,560,071
<b>Current Period 01/01/2025 – 30/06/2025</b>															
<b>I.</b>	<b>Balance at the beginning of the period</b>	<b>500,000</b>	-	-	-	-	-	-	-	(11,363)	-	823,764	-	462,873	1,775,274
<b>II.</b>	<b>Correction made as per TAS 8</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	Effect of corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>III.</b>	<b>New balance (I+II)</b>	<b>500,000</b>	-	-	-	-	-	-	-	(11,363)	-	823,764	-	462,873	1,775,274
<b>IV.</b>	<b>Total comprehensive income/loss</b>	-	-	-	-	-	-	-	-	11,795	-	-	-	276,616	288,411
V.	Capital increase by cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Capital increase by internal reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Paid-in capital inflation adjustment difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Convertible bonds to shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Subordinated debt instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Increase/decrease by other changes	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XI.</b>	<b>Profit distribution</b>	-	-	-	-	-	-	-	-	-	-	426,373	-	(462,873)	(36,500)
11.1	Dividends paid	-	-	-	-	-	-	-	-	-	-	(36,500)	-	(36,500)	(36,500)
11.2	Transfers to reserves	-	-	-	-	-	-	-	-	-	-	462,873	-	(462,873)	-
11.3	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>Period-End Balance (III+IV+.....+X+XI)</b>	<b>500,000</b>	-	-	-	-	-	-	-	432	-	1,250,137	-	276,616	2,027,185

- 1) Revaluation surplus on tangible and intangible assets
- 2) Defined benefit plans' actuarial gains/losses
- 3) Other (Shares of investments valued by equity method in other comprehensive income not classified through profit or loss and other accumulated amounts of other comprehensive income items not reclassified through other profit or loss)
- 4) Translation differences
- 5) Income/expenses from valuation and/or reclassification of financial assets at fair value through other comprehensive income
- 6) Other (Cash flow hedge gain/loss, shares of investments valued by equity method in other comprehensive income classified through profit or loss and other accumulated amounts of other comprehensive income items reclassified through other profit or loss)

The accompanying notes are an integral part of these financial statements.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED FINANCIAL STATEMENTS  
ORIGINALLY ISSUED IN TURKISH

**PASHA YATIRIM BANKASI A.Ş.**  
**UNCONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE INTERIM PERIOD ENDED 30 JUNE 2025**

(Amounts are expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

	Note	Current Period 30/06/2025	Prior Period 30/06/2024
<b>A.</b>	<b>CASH FLOWS FROM BANKING OPERATIONS</b>		
<b>1.1</b>	<b>Operating Profit Before Changes in Operating Assets and Liabilities</b>	<b>221,873</b>	<b>60,012</b>
1.1.1	Interest received	1,206,859	667,041
1.1.2	Interest paid	(740,173)	(454,771)
1.1.3	Dividend received	1,029	-
1.1.4	Fees and commissions received	27,461	48,311
1.1.5	Other income	11,997	6,381
1.1.6	Collections from previously written-off loans and other receivables	12,816	8,045
1.1.7	Payments to personnel and service suppliers	(154,339)	(104,473)
1.1.8	Taxes paid	(66,906)	(52,868)
1.1.9	Other	(76,871)	(57,654)
<b>1.2</b>	<b>Changes in Operating Assets and Liabilities</b>	<b>(910,012)</b>	<b>(554,117)</b>
1.2.1	Net (increase)/decrease in financial assets at fair value through profit or loss	(5,402)	47,786
1.2.2	Net (increase)/decrease in due from banks	68,245	(97,062)
1.2.3	Net (increase)/decrease in loans	(57,092)	21
1.2.4	Net (increase)/decrease in other assets	(4,973)	1,917
1.2.5	Net increase/(decrease) in bank deposits	-	-
1.2.6	Net increase/(decrease) in other deposits	-	-
1.2.7	Net increase/(decrease) in financial liabilities at fair value through profit or loss	-	-
1.2.8	Net increase/(decrease) in funds borrowed	522,206	(531,536)
1.2.9	Net increase/(decrease) in matured payables	-	-
1.2.10	Net increase/(decrease) in other liabilities	(1,432,996)	24,757
<b>I.</b>	<b>Net Cash Provided from Banking Operations</b>	<b>(688,139)</b>	<b>(494,105)</b>
<b>B.</b>	<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>II.</b>	<b>Net Cash Provided from / (Paid For) Investing Activities</b>	<b>(85,056)</b>	<b>(188,902)</b>
2.1	Cash paid for the purchase of associates, subsidiaries and joint ventures	-	-
2.2	Cash obtained from the sale of associates, subsidiaries and joint ventures	-	-
2.3	Cash paid for the purchase of tangible and intangible asset	(10,606)	(589)
2.4	Cash obtained from the sale of tangible and intangible asset	6,273	-
2.5	Cash paid for the purchase of financial assets at fair value through other comprehensive income	(63,068)	(83,901)
2.6	Cash obtained from the sale of financial assets at fair value through other comprehensive income	155,058	2,916
2.7	Cash paid for the purchase of financial assets at amortised cost	(417,858)	(152,663)
2.8	Cash obtained from sale of financial assets at amortised cost	250,545	47,164
2.9	Other	(5,400)	(1,829)
<b>C.</b>	<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>III.</b>	<b>Net Cash Provided from Financing Activities</b>	<b>(76,363)</b>	<b>133,988</b>
3.1	Cash obtained from funds borrowed and securities issued	422,588	1,618,821
3.2	Cash used for repayment of funds borrowed and securities issued	(462,198)	(1,454,638)
3.3	Equity instruments issued	-	(14,836)
3.4	Dividends paid	(36,500)	(15,002)
3.5	Payments for finance lease liabilities	(253)	(357)
3.6	Other	-	-
<b>IV.</b>	<b>Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents</b>	<b>(5.6.2)</b>	<b>230,257</b>
<b>V.</b>	<b>Net Increase/(Decrease) in Cash and Cash Equivalents (I+II+III+IV)</b>	<b>(619,301)</b>	<b>(463,371)</b>
<b>VI.</b>	<b>Cash and Cash Equivalents at the Beginning of the Period</b>	<b>(5.6.1)</b>	<b>2,280,252</b>
<b>VII.</b>	<b>Cash and Cash Equivalents at the End of the Period (V+VI)</b>	<b>(5.6.1)</b>	<b>1,660,951</b>

The accompanying notes are an integral part of these financial statements.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED FINANCIAL STATEMENTS  
ORIGINALLY ISSUED IN TURKISH

**PASHA YATIRIM BANK A.Ş.**

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**

**AS OF 30 JUNE 2025**

(Amounts are expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

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**SECTION THREE**

**EXPLANATIONS ON ACCOUNTING POLICIES**

**I. EXPLANATIONS ON BASIS OF PRESENTATION**

**The financial statements are prepared in accordance with the “Regulation on the Principles and Procedures Regarding Banks’ Accounting Applications and Safeguarding of Documents”**

The unconsolidated financial statements are prepared within the scope of the “Regulation on Accounting Applications for Banks and Safeguarding of Documents” related with Banking Act numbered 5411 published in the Official Gazette no.26333 dated 1 November 2006 and in accordance with the regulations, communiqués, interpretations and legislations related to accounting and financial reporting principles published by the Banking Regulation and Supervision Agency (“BRSA”), and in case where a specific regulation is not made by BRSA, “Turkish Accounting Standards” (“TAS”) and “Turkish Financial Reporting Standards” (“TFRS”) and related appendices and interpretations put into effect by Public Oversight Accounting and Auditing Standards Authority (“POA”). The format and content of the publicly announced unconsolidated financial statements and notes to these statements have been prepared in accordance with the “Communiqué on Publicly Announced Financial Statements, Explanations and Notes to These Financial Statements” and “Communiqué On Disclosures About Risk Management To Be Announced To Public By Banks” and amendments to this Communiqué. The Bank maintains its books in Turkish Lira in accordance with the Banking Act, Turkish Commercial Code and Turkish Tax Legislation.

The unconsolidated financial statements have been prepared in TL, under the historical cost convention except for the financial assets and liabilities carried at fair value.

With its announcement dated 23 November 2023, the POA declared that entities applying Turkish Financial Reporting Standards must prepare their financial statements for annual reporting periods ending on or after 31 December 2023 in accordance with the Financial Reporting in Hyperinflationary Economies Standard (“TAS 29”). However, it was also stated that regulatory and supervisory authorities specific to certain sectors may determine different transition dates for the implementation of TAS 29. In response to POA’s announcement, the BRSA, with its decision numbered 10744 dated 12 December 2023, resolved that banks as well as financial leasing, factoring, financing, savings financing, and asset management companies shall not apply the inflation adjustment required by TAS 29 in their financial statements dated 31 December 2023. Subsequently, with its decision numbered 10825 dated 11 January 2024, the BRSA decided that such entities would adopt inflation accounting starting from 1 January 2025. However, with a further decision numbered 11021 dated 5 December 2024, the BRSA announced that inflation accounting would not be applied in the year 2025. Accordingly, the Bank did not apply inflation accounting under TAS 29 in its financial statements for the interim period ended 30 June 2025.

**Accounting policies and valuation principles used in the preparation of the financial statements**

The accounting policies and valuation principles applied in the preparation of unconsolidated financial statements, are determined and applied in accordance with regulations, communiqués, explanations and circulars on accounting and financial reporting principles published by the BRSA, and in case where there is no special regulation made by the BRSA, in accordance with principles in the context of TAS and TFRS, are consistent with the accounting policies applied in prior period. Aforementioned accounting policies and valuation principles are explained in below.

**PASHA YATIRIM BANK A.Ş.**

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**

**AS OF 30 JUNE 2025**

(Amounts are expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**I. EXPLANATIONS ON BASIS OF PRESENTATION (Continued)**

**Judgements and estimates used in the preparation of the financial statements**

The effects of differences between accounting principles and standards set out by regulations in conformity with Article 37 of the Banking Law No. 5411, accounting principles generally accepted in countries in which the accompanying unconsolidated financial statements are to be distributed and the International Financial Reporting Standards (“IFRS”) have not been quantified in the accompanying unconsolidated financial statements. Accordingly, the accompanying unconsolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

**II. EXPLANATIONS ON THE STRATEGY FOR USE OF FINANCIAL INSTRUMENTS AND FOREIGN CURRENCY TRANSACTIONS**

The general strategy of the Bank of using financial instruments is to sustain an optimal balance between the yield of the instruments and their risks. The most important funding sources of the Bank are shareholders’ equity, borrowing from domestic and foreign financial institutions, subordinated loan and debt securities issued. Funds obtained from internal and external sources are invested in high yield and quality financial assets and currency, interest rate and liquidity risks are being kept within the limits following the asset-liability management strategy. The currency, interest and liquidity risks of on-balance sheet and off-balance sheet assets and liabilities are managed in accordance with the risk limits accepted by the Bank and the related legal limits. Derivative instruments are mainly utilised for liquidity needs and for mitigating currency and interest rate risks. The position of the Bank as a result of foreign currency activities being held at minimum levels and the exposed currency risk is followed within the determined levels by the Board of Directors by considering the limits given by the Banking Law.

Foreign currency denominated monetary assets and liabilities are translated with the Bank’s foreign currency bid rates prevailing at the balance sheet date. Gains and losses arising from such valuations are recognised in the income statement under the account of “Foreign exchange gains or losses”.

**III. EXPLANATIONS ON FORWARD TRANSACTIONS, OPTIONS AND DERIVATIVE INSTRUMENTS**

Derivative financial instruments of the Bank are classified in accordance with “TFRS 9 Financial Instruments” (“TFRS 9”), “Derivative Financial Assets/Liabilities Designated at Fair Value through Profit or Loss”.

The receivables and liabilities arising from derivative transactions are recorded in the off-balance sheet accounts based on the notional amounts of the contracts. Derivative transactions are initially recorded at their fair values on the contract date, and the receivables and payables arising from these transactions are monitored in off-balance sheet accounts. Derivative transactions are valued at their fair values subsequent to their acquisition. In accordance with the classification of derivative financial instruments, if the fair value is positive, the amount is classified as “Derivative Financial Assets Designated at Fair Value Through Profit or Loss”, if the fair value is negative, the amount is classified as “Derivative Financial Liabilities Designated at Fair Value Through Profit or Loss”. The fair value differences arising from the valuation of derivative transactions are recognized in the profit or loss statement.

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**PASHA YATIRIM BANK A.Ş.**

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**

**AS OF 30 JUNE 2025**

(Amounts are expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**IV. EXPLANATIONS ON INTEREST INCOME AND EXPENSE**

Interest income and expense are accounted for on an accrual basis using the effective interest rate method. In accordance with the “Regulation on the Classification of Loans and the Procedures and Principles Regarding the Provisions to Be Allocated for Them”, published in the Official Gazette dated 22 June 2016, and numbered 29750, which came into effect on 1 January 2018, the Bank does not cancel the interest accruals and discounting for loans and other receivables that have become impaired. Instead, the Bank continues to recognize these amounts as interest income. Under the TFRS 9 methodology, the calculation of expected credit losses is performed based on the amounts including the interest accruals and discounts added.

**V. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSE**

Except for fees and commissions that are integral part of the effective interest rates of financial instruments measured at amortized costs, the fees and commissions are accounted for in accordance with TFRS 15 Revenue from Contracts with Customers. Except for certain fees related to certain banking transactions and recognized when the related service is given, fees and commissions received or paid, and other fees and commissions paid to financial institutions are accounted under accrual basis of accounting throughout the service period.

**VI. EXPLANATIONS ON FINANCIAL ASSETS**

Financial assets fundamentally constitute the Bank’s commercial activities and operations. These instruments have the ability to reveal, influence, and mitigate liquidity, credit, and interest rate risks in the financial statements. The Bank categorizes its financial assets as “Financial Assets at Fair Value Through Profit/Loss”, “Financial Assets at Fair Value Through Other Comprehensive Income” or “Financial Assets Measured at Amortized Cost”. These financial assets are recorded or derecognized in accordance with the provisions of the “TFRS 9 Financial Instruments” standard, specifically the “Recognition and Derecognition of Financial Statements” section in the third part of the standard, as published by the Public Oversight Accounting and Auditing Standards Authority (“POA”) in the Official Gazette dated 19 January 2017, and numbered 29953. Financial assets are measured at fair value at initial recognition in the financial statements. During the initial recognition of financial assets other than “Financial Assets at Fair Value Through Profit or Loss”, transaction costs are added to fair value or deducted from fair value.

**Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss are financial assets other than the ones that are managed with business model that aims to hold to collect contractual cash flows or business model that aims to collect both the contractual cash flows and cash flows arising from the sale of the assets; and if the contractual terms of the financial asset do not lead to cash flows representing solely payments of principal and interest at certain date; that are either acquired for generating a profit from short term fluctuations in prices or are financial assets included in a portfolio aiming to short-term profit making. Financial assets at the fair value through profit or loss are initially recognized at fair value and remeasured at their fair value after recognition. All gains and losses arising from these valuations are reflected in the profit or loss statement.

Financial assets at the fair value through profit or loss are reflected on the balance sheet at their cost values and, subsequent to their recognition, are measured at their fair values. Fair values for securities traded on Borsa İstanbul (BIST) are determined using the weighted average settlement prices on BIST as of the balance sheet date, while for non-traded securities, investor valuation and price reports are used to determine their fair values.

**PASHA YATIRIM BANK A.Ş.**

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**

**AS OF 30 JUNE 2025**

(Amounts are expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**VI. EXPLANATIONS ON FINANCIAL ASSETS (Continued)**

**Financial Assets at Fair Value Through Other Comprehensive Income**

Financial assets at fair value through other comprehensive income are financial assets which are managed with business model that aims to hold to collect contractual cash flows and aims to hold to sell; and if the contractual terms of the financial assets lead to cash flows representing solely payments of principal and interest at certain dates.

Financial assets measured at fair value through other comprehensive income are recorded by adding transaction costs to the acquisition costs that reflect their fair value. After recognition, these financial assets are measured at their fair value. For securities traded on Borsa İstanbul (BIST), fair values are determined using the weighted average settlement prices on BIST at the balance sheet date. The interest income calculated using the effective interest method for financial assets measured at fair value through other comprehensive income, as well as dividend income from securities representing ownership interests, are reflected in the income statement. The difference between the fair value and the amortized cost of financial assets measured at fair value through other comprehensive income, i.e., “Unrealized gains and losses” is not reflected in the income statement until the realization of the related financial asset, such as collection, sale, disposal, or impairment. Instead, it is monitored under the equity account “Other accumulated comprehensive income or expense that will be reclassified in profit and loss”. When these securities are collected or disposed of, the accumulated fair value differences reflected in equity are recognized in the income statement.

Equity securities, which are classified as financial assets at fair value through other comprehensive income are measured at fair value. However, in some exceptional cases, cost may be an appropriate estimation method for determining fair value. The cost is estimated to be the case fair value is reflected in the best way possible.

The Bank’s portfolio of securities measured at fair value through other comprehensive income includes inflation-indexed bonds linked to the consumer price index (CPI). The principal amounts of these CPI government bonds are protected against inflation over their maturity. These securities are valued and accounted for using the effective interest method, based on an index calculated by taking into account the reference inflation index and the estimated inflation rate on the issuance date. The reference indices used in the calculation of the actual interest payments for these securities are based on the CPI from two months prior.

During initial recognition an entity can make an irrevocable choice as to record the changes of the fair value of investment in an equity instrument that is not held for trading purposes in the other comprehensive income. In the case of this preference, the dividend from the investment is recognized in the financial statements as profit or loss.

**Financial Assets Measured at Amortized Cost**

A financial asset is classified as an amortized cost financial asset if it is held within a business model whose objective is to collect the contractual cash flows, and if the contractual terms of the financial asset result in cash flows that consist solely of principal payments and interest payments on the principal amount on specified dates.

Financial assets measured at amortized cost are initially recognized at acquisition cost including the transaction costs which reflect the fair value of those instruments and subsequently recognized at amortized cost by using effective interest rate (internal rate of return) method. Interest income obtained from financial assets measured at amortized cost is accounted in the income statement.

**PASHA YATIRIM BANK A.Ş.**

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**

**AS OF 30 JUNE 2025**

(Amounts are expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**VI. EXPLANATIONS ON FINANCIAL ASSETS (Continued)**

**Loans**

Loans are financial assets with fixed or determinable payments that are not listed on an active market. These loans are initially recorded at their acquisition costs, which reflect their fair value, including transaction costs. After recognition, they are measured at amortized cost using the “Effective Interest (internal rate of return) Method”. All of the Bank’s loans are recorded under the “Measured at Amortized Cost” account.

**VII. EXPLANATIONS ON EXPECTED CREDIT LOSS**

The Bank allocates allowance for expected loss on financial assets measured at amortized cost and financial assets measured at fair value through other comprehensive income.

As of 1 January 2018, the Bank started to recognize provisions for impairment in accordance with TFRS 9 requirements according to the “Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside” published in the Official Gazette dated 22 June 2016 numbered 29750. In this framework, as of 31 December 2017, method of provisions for impairment as set out in accordance with the related legislation of BRSA is changed by applying the expected credit loss model under TFRS 9. The expected credit loss estimates are required to be unbiased, probability-weighted and include supportable information about past events, current conditions, and forecasts of future economic conditions.

These financial assets are divided into three categories depending on the gradual increase in credit risk observed since their initial recognition:

- **Stage 1:** For the financial assets at initial recognition or for those which do not have a significant increase in credit risk since initial recognition. Allowance for credit risk is recorded in the amount of 12-month expected credit losses.
- **Stage 2:** In the event of a significant increase in credit risk since initial recognition, the financial asset is transferred to Stage 2. Allowance for credit risk is determined on the basis of the instrument’s lifetime expected credit losses.
- **Stage 3:** Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime expected credit losses are recognized. Individual assessment would be applied for stage 2 and stage 3 financial assets when it is necessary by considering various scenarios including discounting cash flows of financial assets.

In the general application of TFRS 9, the probability of default (PD) and loss given default (LGD) is determined within the framework of the Bank’s models and expected loss provisions are calculated by taking into account the exposure at default (EAD).

Within the scope of TFRS 9, three types of expected loss provisions are defined:

- **12-month expected credit losses:** For the financial assets that do not have a significant increase in credit risk since initial recognition. Impairment for these classes of assets are recorded in Stage 1.
- **Lifetime expected credit losses:** It expresses credit losses that have significant increase in credit risk since initial recognition. These assets are evaluated in Stage 2.
- **Provision for defaulted financial assets:** This classification represents the losses that are subject to default. It is used for assets classified as Stage 3.

**PASHA YATIRIM BANK A.Ş.**

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**

**AS OF 30 JUNE 2025**

(Amounts are expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**VII. EXPLANATIONS ON EXPECTED CREDIT LOSS (Continued)**

The expected loss calculations are used for financial assets at amortized cost and financial assets at fair value through other comprehensive income. In addition, expected loss provision is calculated for financial guarantees, sureties and liabilities that are monitored in off-balance sheet accounts, where the Bank will be exposed to a credit risk.

While the Bank takes into account the interest amount in the calculation of the impairment, Stage 1 and Stage 2 consider the interest for the financial assets as gross value and the interest rate for Stage 3 is based on net value.

Within the framework of the credit rating methodology, the Bank uses LGD ratios to be calculated by using the PDs corresponding to the external / internal ratings and the coefficient of approximation used within the framework of Basel and BRSA applications.

In the calculation of the expected loss provision, for banks and central governments the ratings given by the internationally accepted independent rating institutions are taken as basis. For corporate loans and financial customers other than banks, internal rating model of the Bank are used to evaluate customers. In determining the internal rating grades, the rating scale published by independent credit institutions is taken as a basis, and sub-notches are used to better differentiate customers with low grade bands. In the determination of PD values, independent credit rating agency methodology based on the historical default rates and Bank’s calibration methodology with a forward-looking perspective taking macroeconomic expectations into consideration is used. For customers having a better rating than the Türkiye’s rating, the country’s rating is applied as a cap. Thus, a prudent approach is applied that doesn’t allow to assign a better rating than country’s one for customers residing in that country.

The bank portfolio consists of large companies and financial institutions that are small in number but have a high volume of loan demand. Due to the low number of observations involving bank internal default data, a global rating methodology based on publicly published global methodology documents is used instead of a model based on internal data. The methodology is based on both a financial assessment based on information from the client's balance sheets and a qualitative assessment, including questions such as management strategy and structure. This assessment is the base module, which is the basis of the Bank’s rating methodology. Then, subsequent adjustment factors such as the parental support, government support, early warning signals and country ceiling are applied in the form of grade increases/decreases on the base module in a modular structure. Validation studies on the discriminative power and reliability of the model are conducted periodically.

Risk parameters used in the TFRS 9 calculations incorporate forward-looking macroeconomic information. When including macroeconomic information, models and projections that reflect the relationships between the model’s risk parameters and macroeconomic variables are considered. The key macroeconomic indicators used to create these forecasting models are gross domestic product (GDP) and the ratio of non-performing loans in the banking sector. The macroeconomic forecasting models include multiple scenarios, and the relevant scenarios are taken into account when calculating expected credit losses.

For LGD ratios, conversion rates of the collaterals received for the financial asset are taken into consideration in the framework of certain coefficients considering the general banking practices and the information published by Basel and BRSA. Personal or corporate warranties received for collaterals are not taken into account in LGD ratio calculation.

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**VII. EXPLANATIONS ON EXPECTED CREDIT LOSS (Continued)**

For EAD to be calculated for the risks that are monitored in the off-balance sheet, the Bank includes to the calculation of the relevant risks within the framework of a credit conversion factor (CCF) application. CCF ratio applied as 100% for cash supply non cash loans and 50% for the rest. For cash loans, the calculated default amount is determined by discounting the expected principal and interest repayments, as well as income accruals, using the effective interest method.

With the respect of criteria that mentioned in above paragraph, the expected credit loss provision (ECL), which is ultimately calculated for a financial asset, is calculated as follows:

$$ECL = PD * LGD * EAD * (\text{if any CCF})$$

Expected credit loss calculation is calculated over financial assets that has counterparty risk which in scope of TFRS 9 and off-balance sheet risks that are present each reporting period.

The ratings of financial assets subject to PD calculations are reviewed and updated annually (unless there is a significant improvement in the credit risk of the counterparty). In the case of delay over 30 days, which is the main criteria for transition from Stage 1 to Stage 2, the rating of the financial asset is revised. For transition between stages, certain criteria have been defined by taking into account the relevant regulations/circulars of the BRSA and the notifications issued. In case of following criteria; if the principal or interest/commission collection delays exceed 30 days or the credit rating falls down to two grades relative to the country rating, or restructuring of loan due to debtor has difficulty on payment, the transition criteria from Stage 1 to Stage 2 is applied. The fact that the principal and interest/commission collection delays of 90 days or more is also applied for the transition to Stage 3. In addition, in case the Bank management considers that it is appropriate, the Bank will be able to transfer between stages whether not to meet with criteria.

The expected loss provision for the assets in Stage 1 are presented under the “12 Months Expected Credit Losses (Stage 1)”, expected loss provision for the assets in Stage 2 are presented under the “Significant Increase in Credit Risk” and expected loss provision for financial assets in Stage 3 are followed as “Credit-Impaired (Stage 3)”. Due to the deterioration in the credit risk between stages, there may be downgrade transitions as well as improvements between stages.

In accordance with the Bank’s internal policies, the TFRS 9 models are reviewed once a year. The internal rating model is validated annually to confirm that its discriminative power is at an acceptable level, and necessary revisions are made if needed.

**VIII. EXPLANATIONS ON OFFSETTING FINANCIAL ASSETS**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when the Bank has a legally enforceable right to offset the recognised amounts and there is an intention to collect/pay related financial assets and liabilities on a net basis, or to realise the asset and settle the liability simultaneously.

**IX. EXPLANATIONS ON SALES AND REPURCHASE AGREEMENTS AND SECURITIES LENDING TRANSACTIONS**

Securities subject to repurchase agreements (“Repo”) are classified as “Financial assets at fair value through profit or loss”, “Financial assets at fair value through other comprehensive income” and “Financial assets measured at amortised cost” according to the investment purposes of the Bank and measured according to the portfolio to which they belong. Funds obtained from repurchase agreements are presented under “Money Market Payables” in balance sheet and the difference between the sale and repurchase price is accrued over the life of repurchase agreements using the effective interest method.

Funds given against securities purchased under agreements (“Reverse repo”) to resell are accounted under “Receivables from Reverse Repurchase Agreements” on the balance sheet. The difference between the purchase and determined resell price is accrued over the life of repurchase agreements using the “effective interest method”.

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**X. EXPLANATIONS ON ASSETS HELD FOR RESALE AND FIXED ASSETS FROM DISCONTINUED OPERATIONS AND LIABILITIES RELATED WITH THESE ASSETS**

According to TFRS 5, asset as held for sale (or group of assets to be disposed) are measured at the lower of their carrying amount less cost to sell. For an asset to be held for sale, the asset (or group of assets to be disposed) must be available for immediate sale under the conditions common and customary for the sale of such assets, and the sale must be highly probable. In order to have a high probability of sale; a plan for the sale of the asset must have been made by an appropriate level of management and an active program of identification of buyers and completion of the plan must have been initiated. In addition, the asset must be actively marketed at a price consistent with its fair value.

A discontinued operation is a part of the Bank that is either disposed of or classified as held for sale. Results of discontinued operations are presented separately in the profit and loss statement. The Bank has no discontinued operations.

**XI. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS**

Intangible assets are measured at cost on initial recognition and any directly attributable costs of setting the asset to work for its intended use are included in the initial measurement. Subsequently, intangible assets are carried at historical cost after the deduction of accumulated amortization and any accumulated impairment losses. Intangibles are amortised over their estimated useful lives of three to five years using the straight-line method. The useful life of the asset is determined by assessing the expected useful life of the asset, technical, technological and other kinds of obsolescence and all required maintenance expenses necessary to utilise the economic benefit of the assets.

The Bank expects no change with respect to accounting estimates, amortization period, amortization method, or residual value that will have significant impact on the current or the following periods.

As of 30 June 2025 and 31 December 2024, there is not any goodwill amount that need to be reflected to the financial statements.

**XII. EXPLANATIONS ON PROPERTY AND EQUIPMENT**

Property and equipment is measured at its cost when initially recognised and any directly attributable costs of setting the asset in working order for its intended use are included in the initial measurement. Subsequently, property and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated over the cost of property with useful life of 50 years and other fixed assets with useful lives of 3 to 15 years using the straight-line method.

The depreciation charge for items remaining in property and equipment for less than an accounting period at the balance sheet date is calculated in proportion to the period the item remained in property and equipment.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the provision for the diminution in value is charged to the income statement.

Property and equipment are not subject to valuation such that fair value is presented in the financial statements.

Gains and losses on the disposal of property and equipment are determined by deducting the net book value of the property and equipment from its sales revenue.

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**XII. EXPLANATIONS ON PROPERTY AND EQUIPMENT (Continued)**

Expenditures for the regular repair and maintenance of property and equipment are recognised as expense. The capital expenditures made in order to increase the capacity of the tangible asset or to increase its future benefits are capitalised on the cost of the tangible asset. The capital expenditures include the cost components which are used either to increase the useful life or the capacity of the asset, or the quality of the product or to decrease the costs.

There is no pledge, mortgage or commitment on the Bank’s property and equipment.

**XIII. EXPLANATIONS ON INVESTMENT PROPERTIES**

Land and buildings held for the purpose of earning rent, capital appreciation, or both, rather than being used in the production of goods and services, for administrative purposes, or for sale in the ordinary course of business, are classified as investment properties.

Investment properties are initially recognized at cost. The cost includes expenses incurred in acquiring the investment property as well as any subsequent additions, modifications, or service costs related to the investment property. After initial recognition, the bank reflects these properties in the records by deducting the accumulated depreciation and any impairment, if applicable, from the cost. Investment properties are subject to periodic impairment tests. Depreciation for investment properties, specifically buildings, is calculated using the straight-line method over a useful life of fifty years.

Gains or losses in the case of disposal of an investment property; is the difference between the net selling price of the asset sold and the carrying amount of the property and is recognized as profit or loss on sale of investment property in the period of disposal.

**XIV. EXPLANATIONS ON LEASING TRANSACTIONS**

Assets acquired under finance lease agreements are capitalised at the inception of the lease at the “lower of the fair value of the leased asset or the present value of the amount of cash consideration given for the leased asset”. Leased assets are included in the property and equipment and depreciation is charged on a straight-line basis over the useful life of these assets. If there is any impairment in value of the leased asset an impairment loss is recognised. Liabilities arising from the leasing transactions are included in “Financial Lease Payables”. Interest and foreign exchange expenses regarding lease transactions are charged to the profit or loss statement.

The Bank can engage in financial lease transactions as the lessor. The Bank records the gross amount of minimum lease receivables comprising of principal and interest amounts as “Financial lease receivables” under lease receivables account. The difference between the aggregate of lease receivables and the cost of the related leased assets, corresponding to interest, is recorded under “Unearned income” item. The interest income is recognised in the profit or loss statement on an accrual basis.

The “IFRS 16 Leases” Standard was published in the Official Gazette numbered 29826 on 16 April 2018, to be applied effective from 1 January 2019. Under the IFRS 16 Leases (“IFRS 16”) standard, the Bank recognizes all lease transactions in the balance sheet, except for short-term leases and leases of low-value assets.

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**XV. EXPLANATIONS ON PROVISIONS AND CONTINGENT COMMITMENTS**

Provisions and contingent liabilities except for the financial instruments within the scope of the TFRS 9 or the provisions recognised in accordance with other standards such as TAS 12 and TAS 19 are accounted in accordance with the “Turkish Accounting Standard for Provisions, Contingent Liabilities and Contingent Assets” (TAS 37).

Provisions are recognised when the Bank has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. The provision for contingent liabilities arising from past events should be recognised in the same period of occurrence in accordance with the “Matching principle”. When the amount of the obligation cannot be estimated and there is no possibility of an outflow of resources from the Bank, it is considered that a “Contingent” liability exists and it is disclosed in the related notes to the financial statements.

**XVI. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS**

Obligations related to employee benefits, such as severance pay and leave entitlements, are accounted for in accordance with the “Turkish Accounting Standard for Employee Benefits” (TAS 19). According to the applicable laws, the Bank is obligated to make a lump-sum payment to employees whose employment is terminated due to retirement, resignation, or other reasons not specified in the Labor Law. The provision for severance pay is calculated based on the estimated present value of future potential obligations arising from the retirement, termination of employment after completing at least one year of service, being called for military service, or death of all employees, in accordance with the Turkish Labor Law, and is reflected in the financial statements. In this context, the following actuarial assumptions have been used in the calculation of the total obligations.

	30 June 2025	31 December 2024
Discount Rate (%)	3.79	3.79
Inflation Rate (%)	23.33	23.33

**XVII. EXPLANATIONS ON TAXATION**

**Corporate Tax**

The Bank is subject to the tax legislation and practices in force in Türkiye. Corporate tax is payable in one installment by the end of the fourth month following the end of the accounting period to which it relates. Corporations are required to calculate advance tax at the current rate on their quarterly financial profits, declare it until the 17th day of the second month following the period and pay it until the evening of the 17th day. Advance taxes paid during the year are offset against the corporate tax calculated on the annual corporate tax return for that year. In the event that there is an amount of advance tax paid despite the offset, this amount can be refunded in cash or offset against other financial debts.

As of 31 December 2022, the general corporate tax rate applied to the legal tax base, which is calculated by adding non-deductible expenses and deducting exemptions in accordance with tax laws to the commercial income of corporations in Türkiye, was 25%. However, according to the Article 21 of the “Law on the Amendment of Certain Laws and the Decree Law No. 375 on the Amendment of Certain Laws and the Decree Law No. 375 on Additional Motor Vehicles Tax for the Compensation of the Economic Losses Caused by the Earthquakes Occurring on 6/2/2023” published in the Official Gazette dated 15 July 2023 and numbered 32249. In accordance with the amendments made in Article 32 of the Corporate Tax Law No. 5520 regulating the corporate tax rate, the general rate applied in corporate tax has been increased from 25% to 30% starting from the declarations to be submitted as of 1 October 2023. Accordingly, the Company in Türkiye have used the tax rate of 30% in the calculation of the period tax for 2024.

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**XVII. EXPLANATIONS ON TAXATION (Continued)**

Within the scope of this amendment, tax rate used in the deferred tax calculation as of 30 June 2025 is 30% (31 December 2024: 30%).

As of 31 December 2021, the conditions required for the inflation adjustment of the financial statements as of 31 December 2021 have been met in accordance with Article 298 of the Tax Procedure Law. However, in accordance with the provisional article 33 of the Tax Procedure Law numbered 213 with the Law numbered 7352 “Law on Amendments to the Tax Procedure Law and Corporate Tax Law” published in the Official Gazette dated 29 January 2022 and numbered 31734:

- Financial statements will not be subject to inflation adjustment for the 2021 and 2022 accounting periods and the temporary tax periods of the 2023 accounting period, regardless of whether the conditions for inflation adjustment under Article 298 are met, including the temporary tax periods.

- 31 December 2023 financial statements will be subject to inflation adjustment with no effect on corporate tax base.

According to Article 17 of the Law No. 7491 on Amendments to Certain Laws and Decree Laws published in the Official Gazette No. 32413 dated 28 December 2023, it has become law that profit/loss differences arising from the inflation adjustment to be made in the 2024 and 2025 accounting periods, including the provisional tax periods, do not be taken into account in determining the income of banks, companies within the scope of the Financial Leasing, Factoring, Financing and Savings Financing Companies Law No. 6361 dated 21 November 2012, payment and electronic money institutions, authorized foreign Exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies. The President of the Republic is authorized to extend the periods determined within the scope of this paragraph by one accounting period, including the temporary tax periods.

According to the Corporate Tax Law, financial losses presented on the declaration can be deducted from the corporate tax base of the period, provided that they do not exceed 5 years. Declarations and related accounting records can be examined by the tax office within five years and tax accounts can be revised.

Dividend payments from joint stock companies resident in Türkiye to non-resident and non-resident real persons and non-resident legal entities are subject to 10% income tax, except for those who are not liable for corporate and income tax and those who are exempted from corporate and income tax.

Dividend payments made from joint stock companies resident in Türkiye to joint stock companies also resident in Türkiye are not subject to income tax. In addition, income tax is not calculated if the profit is not distributed or added to capital.

Dividend income derived by corporations from participation in the capital of another corporation subject to full taxation is exempt from corporate tax. In addition, 75% of the gains arising from the sale of founding shares, redeemed shares and preemptive rights of the founding shares, redeemed shares and preferential rights of the real estates (immovables) owned by the corporations for at least two full years and the participation shares included in their assets for at least two full years are exempt from corporate tax. However, with the amendment made by Law No. 7061, this rate was reduced from 75% to 50% for immovable properties and this rate is used as 50% in tax returns to be prepared as of 2018. In addition, as of 15 July 2023, with the amendment made, the 50% tax exemption stipulated in Law No. 5520 for the gains on the sale of immovable property has been abolished. However, this exemption will be applied as 25% for the sales of immovable properties in the assets of the enterprises before 15 July 2023. In order to benefit from the exemption, the gain in question must be kept in a fund account in liabilities and must not be withdrawn from the business for 5 years. The sales price must be collected until the end of the second calendar year following the year of sale.

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**XVII. EXPLANATIONS ON TAXATION (Continued)**

In Türkiye, there is no such practice as reconciliation with the tax administration regarding the taxes to be paid. Corporate tax returns are filed within four months following the close of the accounting period. The tax authorities may examine the tax returns and the underlying accounting records for a period of five years following the accounting period and may make a re-assessment based on their findings. There is a withholding tax liability on dividend distributions and this withholding tax liability is declared in the period in which the dividend is paid in cash or on account. Dividend payments other than those made to non-resident corporations that have a place of business or permanent representative in Türkiye and resident corporations in Türkiye were subject to 15% withholding tax until 22 December 2021. Pursuant to the Presidential Decree No. 4936 published in the Official Gazette No. 31697 dated December 22, 2021, the dividend withholding tax rate of 15% was reduced to 10% in accordance with the Income Tax Law No. 193 and Corporate Tax Law No. 5520. Pursuant to the Presidential Decree No. 9286 published in the Official Gazette No. 32760 dated December 22, 2024, the dividend withholding tax rate of 10% was increased to 15% in accordance with the Income Tax Law No. 193 and Corporate Tax Law No. 5520.

In the application of withholding tax rates for dividend distributions to non-resident corporations and real persons, the withholding tax rates in the related Double Tax Treaty Agreements are also taken into consideration. Capitalization of retained earnings is not considered as profit distribution and therefore is not subject to withholding tax.

**Transfer Pricing**

In Türkiye, transfer pricing regulations are set out in Article 13 of the Corporate Tax Law titled “Disguised profit distribution through transfer pricing”. The communiqué dated 18 November 2007 on disguised profit distribution through transfer pricing regulates the details of the application. If a taxpayer purchases or sells goods or services to related parties at a price or prices determined in violation of the arm's length principle, the gain is considered to be distributed in whole or in part through disguised profit distribution via transfer pricing. Such disguised profit distribution through transfer pricing is considered as an unallowable expense for corporate tax purposes.

**Deferred Tax**

Deferred tax liabilities or assets are determined by calculating the tax effects of temporary differences between the carrying amounts of assets and liabilities in the financial statements and their tax bases, using the balance sheet method and applying the enacted tax rates. The Bank calculates and recognizes deferred taxes in accordance with TAS 12 “Income Taxes”, for temporary differences arising between the accounting policies and valuation principles applied and the tax bases determined under tax legislation. While deferred tax liabilities are recognized for all taxable temporary differences, deferred tax assets arising from deductible temporary differences are recognized only to the extent that it is highly probable that future taxable profits will be available against which these differences can be utilized.

Deferred tax liabilities or assets are not recognized for temporary timing differences arising on the initial recognition of assets and liabilities other than goodwill or in a business combination that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date. The carrying amount of deferred tax assets is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered. Deferred tax is measured at the tax rate that is expected to apply in the period in which the liability is settled or the asset realized, and is recognized as an expense or income in profit or loss. In addition, deferred tax is recognized directly in equity if it relates to items recognized directly in equity in the same or a different period. Deferred tax assets and liabilities are offset. Pursuant to Article 53 of the Banking Law No. 5411 dated 19 October 2005, specific provisions for loans and other receivables are recognized as an expense in determining the corporate tax base in the year in which they are recognized in accordance with paragraph 2 of the same article.

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**XVIII. EXPLANATIONS ON BORROWINGS**

Financial liabilities held for trading and liabilities related to derivative financial instruments are measured at fair value, while all other financial liabilities are subsequently measured at their “discounted amounts” using the “effective interest (internal rate of return) method”.

The Bank utilises various hedging techniques to minimise the currency, interest rate and liquidity risks of its financial liabilities.

**XIX. EXPLANATIONS ON ISSUANCE OF SHARES CERTIFICATES**

Transaction costs regarding the issuance of share certificates are accounted under shareholders’ equity after eliminating the tax effects. Dividend payments are determined by the General Assembly of Bank.

The Bank has not issued any share certificates.

No dividend payments were announced after the balance sheet date.

**XX. EXPLANATIONS ON BILL GUARANTEES AND ACCEPTANCES**

Bill guarantees and acceptances presented as liabilities against assets are included in the off-balance sheet commitments.

**XXI. EXPLANATIONS ON GOVERNMENT INCENTIVES**

None.

**XXII. EXPLANATIONS ON PROFIT RESERVES AND PROFIT DISTRIBUTION**

Retained earnings as per the statutory financial statements other than legal reserves are available for distribution, subject to the legal reserve requirement referred to below. Under the Turkish Commercial Code (“TCC”) the legal reserves are composed of first and second reserves. The TCC requires first reserves to be 5% of the profit until the total reserve is equal to 20% of issued and fully paid-in share capital. Second reserves are required to be 10% of all cash profit distributions that are in excess of 5% of the issued and fully paid-in share capital. However holding companies are exempt from this application. According to the Turkish Commercial Code, legal reserves can only be used to compensate accumulated losses and cannot be used for other purposes unless they exceed 50% of paid-in capital.

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**XXIII. EXPLANATIONS ON EARNINGS PER SHARE**

Earnings per share are calculated by dividing net profit for the year to the weighted average number of shares outstanding during the period concerned. Earnings per share disclosed in the income statement are calculated by dividing net profit for the year to the weighted average capital outstanding during the period concerned.

In Türkiye, companies can increase their share capital by making a pro-rata distribution of shares (“bonus shares”) to existing shareholders from retained earnings. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect to bonus shares issued without a corresponding change in resources by giving them a retroactive effect for the year in which they were issued and for each earlier period. Where the number of outstanding shares increase due to distribution of bonus shares after the balance sheet date but before the release of the financial statements, earnings per share computations are performed based on the revised average number of shares.

**XXIV. EXPLANATIONS ON RELATED PARTIES**

Shareholders with significant influence, key management personnel, and members of the board of directors, together with their families and entities they control or are affiliated with, are considered related parties within the scope of the “Related Party Disclosures” standard (“TAS 24”).

**XXV. EXPLANATIONS ON CASH AND CASH EQUIVALENTS**

For the purposes of the preparation of statement of cash flows, “Cash” includes cash, effectives, and cash in transit, purchased cheques and demand deposits including balances with the Central Bank; and “Cash equivalents” include interbank money market placements and time deposits at banks with original maturity periods of less than three months.

**XXVI. EXPLANATIONS ON SEGMENT REPORTING**

Information on operational fields which are determined in accordance with the Bank’s organizational and internal reporting structure and the requirements of “Turkish Financial Reporting Standards on Segment Reporting” (“TFRS 8”) is disclosed in Section Four.

**XXVII. RECLASSIFICATIONS**

In order to comply with the presentation of the current period financial statements, comparative information is reclassified, and restated if necessary.

**XXVIII. EXPLANATIONS ON OTHER MATTERS**

None.

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**SECTION FOUR**

**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT**

**I. EXPLANATIONS ON SHAREHOLDERS’ EQUITY**

Equity capital amount and capital adequacy standard ratio is calculated in accordance with the “Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks” and “Regulation on Equities of Banks”.

The current period equity amount of the Bank is TL 2,763,658 while its capital adequacy standard ratio is 25.31% as of 30 June 2025 (31 December 2024 – shareholders’ equity TL 2,443,936 capital adequacy ratio 24.11%).

**a. Explanations on shareholders’ equity**

	Current Period	Prior Period
<b>Common Equity Tier 1 capital</b>		
Directly issued qualifying common share capital plus related stock surplus	500,000	500,000
Share premium	-	-
Legal reserves	1,250,137	823,764
Projected gains to shareholders' equity of the accounting standards in Türkiye	431	927
Profit	276,616	462,873
Net current period profit	276,616	462,873
Prior period profit	-	-
Free shares from investments and associates, subsidiaries and joint ventures that is not recognised in profit	-	-
<b>Common Equity Tier 1 capital before regulatory adjustments</b>	<b>2,027,184</b>	<b>1,787,564</b>
<b>Common Equity Tier 1 capital: regulatory adjustments</b>		
Prudential valuation adjustments	-	-
Sum of current year net loss and prior period's loss that is not covered with reserves and losses on shareholders' equity of the accounting standards in Türkiye	1	12,290
Development cost of operating lease	-	-
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	21,933	21,294
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-
Cash-flow hedge reserve	-	-
Gains and losses due to changes in own credit risk on fair valued liabilities	-	-
Securitisation gain on sale	-	-
Gains and losses due to changes in own credit risk on fair valued liabilities	-	-
Defined-benefit pension fund net assets	-	-
Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	-	-
Reciprocal cross-holdings in common equity	-	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-
Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	-	-
Mortgage servicing rights (amount above 10% threshold)	-	-
Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	274,042	223,486
Amount exceeding the 15% threshold	-	-
of which: significant investments in the common stock of financials	-	-
of which: mortgage servicing rights	-	-
of which: deferred tax assets arising from temporary differences	-	-
National specific regulatory adjustments	-	-
Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	-	-
<b>Total regulatory adjustments to Common equity Tier 1</b>	<b>295,976</b>	<b>257,070</b>
<b>Common Equity Tier 1 capital (CET 1)</b>	<b>1,731,208</b>	<b>1,530,494</b>

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**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)**

**I. EXPLANATIONS ON SHAREHOLDERS’ EQUITY (Continued)**

**a. Explanations on shareholders’ equity (Continued)**

	Current Period	Prior Period
<b>Additional Tier 1 capital: instruments</b>		
Directly issued qualifying Additional Tier 1 instruments plus related stock surplus of which: classified as equity under applicable accounting standards	-	-
Directly issued qualifying Additional Tier 1 instruments plus related stock surplus of which: classified as liabilities under applicable accounting standards	-	-
Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1) of which: instruments issued by subsidiaries subject to phase out	-	-
<b>Additional Tier 1 capital before regulatory adjustments</b>	-	-
<b>Additional Tier 1 capital: regulatory adjustments</b>		
Investments in own Additional Tier 1 instruments	-	-
Reciprocal cross-holdings in Additional Tier 1 instruments	-	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-	-
Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	-
National specific regulatory adjustments	-	-
<b>The process of transition will continue to reduce from Tier 1 Capital</b>		
Goodwill or other intangibles and deferred tax liabilities of which the regulation concerning transitional Article 2 of subsection of core capital not reduced from (-)	-	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks’ Own Funds (-)	-	-
Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions(-)	-	-
<b>Total regulatory adjustments to Additional Tier 1 capital</b>	-	-
<b>Additional Tier 1 capital (AT1)</b>	-	-
<b>Tier 1 capital (T1 = CET1 + AT1)</b>	<b>1,731,208</b>	<b>1,530,494</b>
<b>Tier 2 capital: instruments and provisions</b>		
Directly issued qualifying Tier 2 instruments plus related stock surplus	993,520	882,008
Directly issued qualifying Tier 2 instruments plus related stock surplus (under temporary article 4)	-	-
Provisions	38,930	31,434
<b>Tier 2 capital before regulatory adjustments</b>	<b>1,032,450</b>	<b>913,442</b>
<b>Tier 2 capital: regulatory adjustments</b>		
Investments in own Tier 2 instruments (-)	-	-
Reciprocal cross-holdings in Tier 2 instruments	-	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold) (-)	-	-
Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	-
National specific regulatory adjustments (-)	-	-
<b>Total regulatory adjustments to Tier 2 capital</b>	-	-
<b>Tier 2 capital (T2)</b>	<b>1,032,450</b>	<b>913,442</b>
<b>Total capital (TC = T1 + T2)</b>	<b>2,763,658</b>	<b>2,443,936</b>
<b>Total risk weighted assets</b>		
Loans extended being non-compliant with articles 50 and 51 of the Law	-	-
Portion of the sum of the banks’ real estate net book values, which is in excess of fifty per cent of their own funds and net book values of those of merchandise and real estate which have to be acquired due to their receivables and disposed of pursuant to Article 57 of the Banking Law, which cannot be disposed of despite the lapse of a period of five years since the date of such acquisition(-)	-	-
National specific regulatory adjustments	-	-
<b>The process of transition will continue to reduce from Common Equity Tier 1 capital and Additional Tier 1 capital</b>		
of which: The sum of partnership share on banks and financial institutions (domestic and abroad), with shareholding of less than 10%	-	-
of which: Partnership share on banks and financial institutions (domestic and abroad) that are not consolidated, with a shareholding of 10% and above	-	-
of which: Partnership share on banks and financial institutions (domestic and abroad) that are not consolidated, with a shareholding of 10% and above	-	-

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**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)**

**I. EXPLANATIONS ON SHAREHOLDERS’ EQUITY (Continued)**

**a. Explanations on shareholders’ equity (Continued)**

	Current Period	Prior Period
<b>Shareholders’ Equity</b>		
Total shareholders’ equity	2,763,658	2,443,936
Total risk weighted items	10,919,035	10,137,451
<b>CAPITAL ADEQUACY RATIOS</b>		
Core Capital Adequacy Ratio (%)	15.85	15.10
Tier 1 Capital Adequacy Ratio (%)	15.85	15.10
Capital Adequacy Standard Ratio (%)	25.31	24.11
<b>BUFFERS</b>		
Total additional core capital requirement ratio (a+b+c)	2.503	2.502
a) Capital conservation buffer requirement (%)	2.500	2.500
b) Bank specific countercyclical buffer requirement (%)	0.003	0.002
c) Higher bank buffer requirement ratio (%)	-	-
Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets) (%)	7.86	7.10
<b>Amounts below the thresholds for deduction (before risk weighting)</b>		
Non-significant investments in the capital of other financials	-	-
Significant investments in the common stock of financials	-	-
Mortgage servicing rights (net of related tax liability)	-	-
Deferred tax assets arising from temporary differences (net of related tax liability)	-	-
<b>Applicable caps on the inclusion of provisions in Tier 2</b>		
Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	38,930	31,434
Cap on inclusion of provisions in Tier 2 under standardised approach	38,930	31,434
Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	-	-
Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	-	-
<b>Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)</b>		
Current cap on common equity T1 capital instruments subject to phase out arrangements	-	-
Amount excluded from common equity T1 capital due to cap (excess over cap after redemptions and maturities)	-	-
Current cap on additional T1 capital instruments subject to phase out arrangements	-	-
Amount excluded from additional T1 capital due to cap (excess over cap after redemptions and maturities)	-	-

Under the regulation issued by the Banking Regulation and Supervision Agency on 12 December 2023, banks were allowed to exclude the negative net valuation differences of securities classified under the fair value through other comprehensive income portfolio from the equity amount used in the calculation of the capital adequacy ratio. Under the regulation issued by the Banking Regulation and Supervision Agency on 19 December 2024, banks were allowed to calculate the amount subject to credit risk with the Central Bank foreign exchange buying rates as of 28 June 2024. The Bank did not utilize these options in the calculation of its statutory capital adequacy ratio as of 30 June 2025.

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**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)**

**I. EXPLANATIONS ON SHAREHOLDERS’ EQUITY (Continued)**

**b. Information about instruments that will be included in total capital calculation**

Issuer	PASHA Holding LLC
Identifier(s) ( CUSIP, ISIN etc. )	-
Governing law(s) of the instrument	BRSA/ Turkish Law
<b>Regulatory Treatment</b>	
Subject to 10% deduction as of 1/1/2015	-
Eligible on unconsolidated and/or consolidated basis	Consolidated and unconsolidated
Instrument type	Loan
Amount recognized in regulatory capital (Currency in mil, as of most recent reporting date)	994
Nominal value of instrument (TL Million )	994
Accounting classification of the instrument	Subordinated Loans (347010 Accounting Number)
Issuance date of instrument	28.09.2022
Maturity structure of the instrument (demand/maturity)	Maturity
Original maturity of the instrument	28.09.2022
Issuer call subject to prior supervisory (BRSA) approval	Yes
Optional call date, contingent call dates and redemption amount	After 5th year
Subsequent call dates, if applicable	After 5th year
<b>Coupon/Dividend Payment</b>	
Fixed or floating coupon/dividend payments	Floating
Coupon rate and any related index	The interest rate applicable for initial 5 years period shall be annually 5.73%, second 5 years is based on consensual; if the parties cannot be reach an agreement for coupon rate, the interest rate will be Yield Of Sovereign Debt +Spread for Bonds of Bank
Existence of any dividend payment restriction	-
Fully discretionary, partially discretionary or mandatory	Mandatory
Existence of step up or other incentive to redeem	-
Noncumulative or cumulative	Non-cumulative
<b>Convertible or Non-convertible Into Equity Shares</b>	
If convertible, conversion trigger(s)	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, type of instrument convertible into	-
If convertible, issuer of instrument to be converted into	-
<b>Write-Down Feature</b>	
If bonds can be written-down, write-down trigger(s)	In case of a threat on revocation of the operation license pursuant to Article 71 of the Banking Law No:5411 or transfer to the Saving Deposit Insurance Fund due to losses suffered, the outstanding amount of the Facility can be wholly or partially written off by the Brower by setting off to the account of such losses based on the decision of the BRSA.
If bond can be written-down, full or partial	Partial or complete
If bond can be written-down, permanent or temporary	Permanent
If temporary write-down, description of write-up mechanism	-
Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument)	Before the stock shares and primary subordinated debt and after all the other debts
In compliance with article number 7 and 8 of own fund regulation	Yes
Details of incompliances with article number 7 and 8 of own fund regulation	Accept those conditions mentioned article number 8 .2. (a) “issued by the Bank” and “registered by the Capital Markets Board”, the instruments is in compliance with article number 8. The instrument is not compliant with article numbered 7.

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**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)**

**I. EXPLANATIONS ON SHAREHOLDERS’ EQUITY (Continued)**

**c. Explanations on reconciliation between amounts in the statement of information on equity items**

The main difference between the amount of ‘Equity’ given in the statement of equity and the amount of ‘Equity’ in the unconsolidated balance sheet arises expected credit losses. The expected credit losses are considered as contribution capital in the calculation of the ‘Equity’ given in the equity table. In addition, operating lease development costs, intangible assets, and some other accounts determined by the Board are taken into account in calculating the ‘Equity’ amount in calculations as deductions.

**II. EXPLANATIONS ON CURRENCY RISK**

The Bank’s foreign currency position is managed within the limits set by legislation and the Bank. The basic principle in foreign currency risk management is not to be exposed to currency risk. Accordingly, the exchange-trading risk positions are not allocated to the limit, banking accounts as of the currency by creating a matched asset-liability structure is aimed to provide natural protection. The Bank uses derivative financial instruments such as forward foreign exchange contracts and currency swaps for hedging purposes in foreign currency denominated transactions.

Bank’s methodology of digitising the foreign currency position includes the use of standard method when calculating the capital adequacy ratio and application of internal stress tests/sensitivity analysis.

The Bank’s publicly announced foreign exchange bid rates as of the date of the financial statements and for the last five business days prior to that date:

(All exchange rates below are presented in full TL)	USD	EUR
<b>Foreign exchange rates</b>	<b>39.7408</b>	<b>46.6074</b>
1. Bid rate	39.7424	46.5526
2. Bid rate	39.7424	46.5526
3. Bid rate	39.7424	46.5526
4. Bid rate	39.6989	46.4941
5. Bid rate	39.6392	45.9946
Arithmetic average – 30 days	<b>39.3497</b>	<b>45.3051</b>
<b>Foreign exchange rates as of prior period</b>	<b>35.2803</b>	<b>36.7362</b>

**Foreign Exchange Sensitivity Analysis**

The effects (excluding tax effects) of 10% change of TL against the foreign currencies below on the equity and profit or loss are presented below. This analysis assumes that all other variables, in particular interest rates, remain constant.

Change in Currency Rate		Effect on Profit and Loss		Effect on Equity	
		Current Period	Prior Period	Current Period	Prior Period
USD	10% decrease	(8,119)	3,388	(8,255)	(2,307)
USD	10% increase	8,119	(3,388)	8,255	2,307
EUR	10% decrease	(2,690)	(3,015)	(2,690)	(2,606)
EUR	10% increase	2,690	3,015	2,690	2,606
Other FC	10% decrease	(19)	(14)	(19)	(14)
Other FC	10% increase	19	14	19	14

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**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)**

**II. EXPLANATIONS ON CURRENCY RISK (Continued)**

Current Period	EURO	USD	Other FC	Total
<b>Assets</b>				
Cash and Cash Equivalents (Cash in vault, effectiveness, money in transfer and cheques purchased) and Balances with the Central Bank of Türkiye <sup>(1)</sup>	757,386	883,007	39	1,640,432
Due from Banks <sup>(2)</sup>	95,611	430,872	4,020	530,503
Financial Assets at Fair Value Through Profit or Loss <sup>(3)</sup>	130,218	-	-	130,218
Money Market Placements	-	-	-	-
Financial assets at fair value through other comprehensive income	-	21,673	-	21,673
Loans <sup>(4)</sup>	1,750,551	2,525,952	-	4,276,503
Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-
Financial assets measured at amortised cost <sup>(5)</sup>	-	1,483,792	-	1,483,792
Derivative Financial Assets	-	-	-	-
Property and Equipment	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets	-	119	12	131
<b>Total Assets</b>	<b>2,733,766</b>	<b>5,345,415</b>	<b>4,071</b>	<b>8,083,252</b>
<b>Liabilities</b>				
Bank Deposits	-	-	-	-
Foreign Currency Deposits	-	-	-	-
Money Market Payables	473,478	66,038	-	539,516
Funds Borrowed From Other Financial Institutions	2,115,176	2,855,017	-	4,970,193
Marketable Securities Issued	-	998,516	-	998,516
Miscellaneous Payables <sup>(6)</sup>	56,316	107,551	743	164,610
Derivative Financial Liabilities	-	-	-	-
Other Liabilities <sup>(7,8)</sup>	58,634	1,237,107	118	1,295,859
<b>Total Liabilities</b>	<b>2,703,604</b>	<b>5,264,229</b>	<b>861</b>	<b>7,968,694</b>
<b>Net On-balance Sheet Position</b>	<b>30,162</b>	<b>81,186</b>	<b>3,210</b>	<b>114,558</b>
<b>Net Off-balance Sheet Position</b>	<b>(3,264)</b>	<b>-</b>	<b>(3,020)</b>	<b>(6,284)</b>
Derivative Financial Assets	-	59,412	-	59,412
Derivative Financial Liabilities	3,264	59,412	3,020	65,696
Non-Cash Loans	225,899	320,053	33,622	579,574
<b>Prior Period</b>				
Total Assets	2,071,358	5,731,536	7,339	7,810,233
Total Liabilities	2,048,293	5,706,498	7,069	7,761,860
Net On-Balance Sheet Position	23,065	25,038	270	48,373
Net Off-Balance Sheet Position	-	-	-	-
<b>Derivative Financial Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Derivative Financial Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Non-Cash Loans	196,400	390,324	28,852	615,576

<sup>1)</sup> Foreign currency expected credit losses amounting to TL 550 (31 December 2024 – TL 562) are included.

<sup>2)</sup> Foreign currency expected credit losses amounting to TL 2,629 (31 December 2024 – TL 1,972) are included.

<sup>3)</sup> There is no net income/expense accrual related to foreign currency derivative financial assets (31 December 2024 – None).

<sup>4)</sup> Receivables from leasing transactions amounting to TL 953,882 (31 December 2024 – TL 722,328) and foreign currency expected credit losses amounting to TL 14,817 (31 December 2024 – TL 7,796) are included.

<sup>5)</sup> Foreign currency expected credit losses amounting to TL 8,005 (31 December 2024 – TL 6,758) are included.

<sup>6)</sup> Presented in other liabilities at financial statements.

<sup>7)</sup> Funds amounting to TL 300,068 (31 December 2024 – TL 443,565) are included.

<sup>8)</sup> Subordinated loans and provisions are presented in other liabilities.

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**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)**

**III. EXPLANATIONS ON INTEREST RATE RISK**

Interest rate risk is the risk that expresses the effects of fluctuations in the market interest rates on the value increase/decrease of the Bank’s interest rate sensitive assets and liabilities.

The interest rate sensitivity of Assets, Liabilities and Off-balance sheet items is carefully followed up by the treasury department of the Bank. Assets and liabilities which are sensitive to interest are managed in such a way that minimizes the interest risk.

The interest rate risk of the banking items is measured legally in accordance with the “Regulation on Measurement and Assessment of Standard Shock Method on the interest rate risk arising from banking accounts”, and this legal limit is monitored and reported monthly, based on this measurement.

**a. Interest rate sensitivity of assets, liabilities and off-balance sheet items based on repricing dates**

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Year	5 Year and over	Non-Interest Bearing <sup>(1)</sup>	Total
<b>Assets</b>							
Cash and Cash Equivalents (Cash in vault, effectiveness, money in transfer and cheques purchased) and Balances with the CB of Türkiye	758,066	-	-	-	-	898,780	1,656,846
Due from Banks	36,839	-	390,807	-	-	141,020	568,666
Financial Assets at Fair Value Through Profit/Loss <sup>(7)</sup>	194	-	-	-	-	146,902	147,096
Money Market Placements	390,511	-	-	-	-	(237)	390,274
Financial assets at fair value through other comprehensive income	12,777	13,618	90,290	21,544	-	7,660	145,889
Loans <sup>(2)</sup>	2,442,323	1,066,030	2,631,434	1,416,890	3,368	(40,094)	7,519,951
Financial assets measured at amortised cost	6,842	61,066	681,828	1,143,647	-	(10,273)	1,883,110
Other Assets	-	-	-	-	-	1,015,948	1,015,948
<b>Total Assets</b>	<b>3,647,552</b>	<b>1,140,714</b>	<b>3,794,359</b>	<b>2,582,081</b>	<b>3,368</b>	<b>2,159,706</b>	<b>13,327,780</b>
<b>Liabilities</b>							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Money Market Payables	416,750	269,915	441,993	-	-	-	1,128,658
Miscellaneous Payables <sup>(5)</sup>	31,516	56,498	3,952	-	-	172,769	264,735
Marketable Securities Issued	116,420	4,996	1,098,049	-	-	-	1,219,465
Funds Borrowed From Other Financial Institutions	2,925,746	1,609,253	2,584,348	-	-	2,237	7,121,584
Other Liabilities <sup>(3,4)</sup>	2,244	208,286	-	993,520	-	2,389,288	3,593,338
<b>Total Liabilities</b>	<b>3,492,676</b>	<b>2,148,948</b>	<b>4,128,342</b>	<b>993,520</b>	<b>-</b>	<b>2,564,294</b>	<b>13,327,780</b>
Balance Sheet Long Position	154,876	-	-	1,588,561	3,368	-	1,746,805
Balance Sheet Short Position	-	(1,008,234)	(333,983)	-	-	(404,588)	(1,746,805)
Off-balance Sheet Long Position <sup>(6)</sup>	125,364	-	-	-	-	-	125,364
Off-balance Sheet Short Position <sup>(6)</sup>	(125,308)	-	-	-	-	-	(125,308)
<b>Total Position</b>	<b>154,932</b>	<b>(1,008,234)</b>	<b>(333,983)</b>	<b>1,588,561</b>	<b>3,368</b>	<b>(404,588)</b>	<b>56</b>

<sup>1)</sup> Allowances for the expected credit losses are included in the non-interest bearing column.

<sup>2)</sup> Finance lease receivables are included.

<sup>3)</sup> Shareholders’ equity is presented under other liabilities in the non-interest bearing column.

<sup>4)</sup> Borrowers’ funds and subordinated loans are presented in the other liabilities.

<sup>5)</sup> Presented in other liabilities at financial statements.

<sup>6)</sup> Includes asset purchase and sale commitments.

<sup>7)</sup> Includes derivative financial assets.

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**III. EXPLANATIONS ON INTEREST RATE RISK (Continued)**

**a. Interest rate sensitivity of assets, liabilities and off-balance sheet items based on repricing dates (Continued)**

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Year	5 Year and over	Non-Interest Bearing <sup>(1)</sup>	Total
<b>Assets</b>							
Cash and Cash Equivalents (Cash in vault, effectiveness, money in transfer and cheques purchased) and Balances with the CB of Türkiye	914,670	-	-	-	-	882,469	1,797,139
Due from Banks	1,269,903	-	-	-	-	137,285	1,407,188
Financial Assets at Fair Value Through Profit/Loss	-	-	-	-	-	96,091	96,091
<b>Money Market Placements</b>							
Financial assets at fair value through other comprehensive income	99,063	8,089	67,579	68,164	-	7,659	250,554
Loans <sup>(2)</sup>	2,054,485	1,495,895	1,882,380	1,590,523	5,101	(39,433)	6,988,951
Financial assets measured at amortised cost	3,877	285,424	319,524	938,204	-	(8,838)	1,538,191
Other Assets	-	-	-	-	-	835,195	835,195
<b>Total Assets</b>	<b>4,341,998</b>	<b>1,789,408</b>	<b>2,269,483</b>	<b>2,596,891</b>	<b>5,101</b>	<b>1,910,428</b>	<b>12,913,309</b>
<b>Liabilities</b>							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Money Market Payables	915,449	116,402	384,113	3,408	-	-	1,419,372
Miscellaneous Payables <sup>(5)</sup>	35,750	66,330	2,140	-	-	554,178	658,398
Marketable Securities Issued	51,436	4,714	1,092,152	-	-	-	1,148,302
Funds Borrowed From Other Financial Institutions	2,328,507	908,622	1,213,116	1,023,129	-	4,176	5,477,550
Other Liabilities <sup>(3,4)</sup>	10,680	179,618	179,296	882,008	-	2,958,085	4,209,687
<b>Total Liabilities</b>	<b>3,341,822</b>	<b>1,275,686</b>	<b>2,870,817</b>	<b>1,908,545</b>	<b>-</b>	<b>3,516,439</b>	<b>12,913,309</b>
Balance Sheet Long Position	1,000,176	513,722	-	688,346	5,101	-	2,207,345
Balance Sheet Short Position	-	-	(601,334)	-	-	(1,606,011)	(2,207,345)
Off-balance Sheet Long Position <sup>(6)</sup>	-	-	-	-	-	-	-
Off-balance Sheet Short Position <sup>(6)</sup>	-	-	-	-	-	-	-
<b>Total Position</b>	<b>1,000,176</b>	<b>513,722</b>	<b>(601,334)</b>	<b>688,346</b>	<b>5,101</b>	<b>(1,606,011)</b>	<b>-</b>

<sup>1)</sup> Allowances for the expected credit losses are included in the non-interest bearing column.

<sup>2)</sup> Finance lease receivables are included.

<sup>3)</sup> Shareholders' equity is presented under other liabilities in the non-interest bearing column.

<sup>4)</sup> Borrowers' funds and subordinated debts are presented in the other liabilities.

<sup>5)</sup> Presented in other liabilities at financial statements.

<sup>6)</sup> Includes asset purchase and sale commitments.

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**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)**

**III. EXPLANATIONS ON INTEREST RATE RISK (Continued)**

**b. Average interest rates for monetary financial instruments**

Current Period	EUR %	USD %	TRY %
<b>Assets</b>			
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the CBRT	3.00	-	-
Due From Banks	-	6.00	43.00
Financial Assets at Fair Value Through Profit/Loss	-	-	-
Money Market Placements	-	-	47.86
Financial Assets at Fair Value Through Other Comprehensive Income	-	8.24	40.79
Loans	7.32	8.45	51.48
Financial Assets Measured at Amortised Cost	-	8.22	42.44
<b>Liabilities</b>			
Bank Deposits	-	-	-
Other Deposits	-	-	-
Money Market Payables	0.99	4.16	47.80
Miscellaneous Payables <sup>(1)</sup>	-	6.46	45.31
Marketable Securities Issued	-	6.19	46.70
Funds Borrowed From Other Financial Institutions	3.15	6.08	46.86

<sup>(1)</sup> Includes borrowers’ funds and subordinated loans.

Prior Period	EUR %	USD %	TRY %
<b>Assets</b>			
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the CBRT	3.50	0.29	-
Due From Banks	4.10	4.77	48.50
Financial Assets at Fair Value Through Profit/Loss	-	-	-
Money Market Placements	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	-	8.24	45.63
Loans	8.44	8.61	50.12
Financial Assets Measured at Amortised Cost	-	8.42	42.34
<b>Liabilities</b>			
Bank Deposits	-	-	-
Other Deposits	-	-	-
Money Market Payables	1.12	5.15	48.87
Miscellaneous Payables <sup>(1)</sup>	-	6.38	51.72
Marketable Securities Issued	-	6.19	48.78
Funds Borrowed From Other Financial Institutions	4.43	6.15	48.16

<sup>(1)</sup> Includes borrowers’ funds and subordinated loans.

**c. Economic value differences resulted from interest rate instabilities calculated according to regulation on measurement and evaluation of interest rate risk resulted from banking book as per standard shock method**

Current Period Type of Currency	Shocks Applied (+/- basis points)	Gains/Losses	Gains/Equity- Losses/Equity(%)
TRY	(+) 500 basis point	(30,945)	(1.12)
TRY	(-) 400 basis point	26,537	0.96
USD	(+) 200 basis point	58,798	2.13
USD	(-) 200 basis point	(75,462)	(2.73)
EUR	(+) 200 basis point	(16,806)	(0.61)
EUR	(-) 200 basis point	17,616	0.64
<b>TOTAL (for negative shocks)</b>		<b>(31,309)</b>	<b>(1.13)</b>
<b>TOTAL (for positive shocks)</b>		<b>11,047</b>	<b>0.40</b>

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**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)**

**III. EXPLANATIONS ON INTEREST RATE RISK (Continued)**

- c. **Economic value differences resulted from interest rate instabilities calculated according to regulation on measurement and evaluation of interest rate risk resulted from banking book as per standard shock method (Continued)**

Prior Period Type of Currency	Shocks Applied (+/- basis points)	Gains/Losses	Gains/Equity- Losses/Equity(%)
TRY	(+) 500 basis point	(60,174)	(2.46)
TRY	(-) 400 basis point	51,677	2.11
USD	(+) 200 basis point	85,770	3.50
USD	(-) 200 basis point	(102,919)	(4.20)
EUR	(+) 200 basis point	(4,510)	(0.18)
EUR	(-) 200 basis point	5,133	0.21
<b>TOTAL (for negative shocks)</b>		<b>(46,109)</b>	<b>(1.88)</b>
<b>TOTAL (for positive shocks)</b>		<b>21,086</b>	<b>0.86</b>

**IV. EXPLANATIONS ON EQUITY POSITION RISK**

As of 30 June 2025, the Bank does not hold any equity securities positions (31 December 2024 - None).

**V. EXPLANATIONS ON LIQUIDTY RISK and LIQUIDITY COVERAGE RATIO**

- a. **Information on risk capacity, responsibilities and structure of liquidity risk management, reporting of liquidity risk at bank, liquidity risk management including how liquidity risk strategy, policy and implementations communicates with board of directors and business units**

Liquidity risk is the risk occurring as a result of non-availability of sufficient cash on hand or cash inflow to meet cash outflows in a timely manner completely as a result of imbalance in cash flows. Treasury department manages the liquidity of the Bank daily and informs ALCO about the liquidity position of the Bank weekly. It is the Treasury Department's responsibility to plan the liquidity management for weekly, monthly and annual periods and to take the necessary precautions, in coordination with the Financial Planning & Control Department and Risk Management. It is the Risk Management's responsibility to inform the Senior Management.

The Bank forms its assets and liabilities in balance not to create a negative gap on cumulative basis in maturity segments.

In accordance with the “Regulation on Measurement and Evaluation of Liquidity Adequacy of Banks” entered into force after published on Official Gazette dated 1 November 2006 and numbered 26333 by BRSA, starting from 1 June 2007, weekly simple average of total liquidity adequacy rates related to primary maturity segment and total liquidity adequacy rate related to secondary maturity segment cannot be less than 100% while weekly simple average of foreign currency liquidity ratio related to primary maturity segment and foreign currency adequacy rate related to secondary maturity segment cannot be less than 80%.

The Reporting Department is responsible for calculating the first maturity and second maturity liquidity ratios and reporting to the legal authorities.

The stress tests to be applied on the liquidity position and the liquidity coverage ratio are calculated by the Risk Management Unit.

Risk Management Department monitors related unit's activities and reports to the Senior Management monthly.

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**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)**

**V. EXPLANATIONS ON LIQUIDITY RISK and LIQUIDITY COVERAGE RATIO (Continued)**

**b. Information on centralization grade of liquidity management and funding strategy and its functionality among Bank and its affiliates**

There is no structured liquidity management requiring centralization between bank and its affiliates.

**c. Information on funding strategy of the Bank including policies related to diversity of funding sources and periods**

The main funding sources of the Bank are provided by domestic and foreign banks, repo transactions, subordinated loans, money market transactions and issued marketable securities and diversification of aforementioned sources are made in order to minimize liquidity risk. Financial Institutions and Investor Relations Department carries out studies which are required to relate supplying of long term foreign source.

**d. Information on liquidity management based on currencies forming at least 5% of total liabilities of the Bank**

Almost all the liabilities of the Bank consists of TL, USD and EUR and most of the TL resources are from equities, borrowing from bank and money market payables.

TL liquidity of the Bank is managed through funds provided from domestic and foreign banks via repo transactions made in BIST using high quality (premium) securities.

TL and foreign currency cash flow of the Bank in scope of Balance sheet management is monitored separately. Risk Management Unit reports to ALCO weekly and Board of Directors on a monthly basis.

**e. Information on liquidity risk reduction techniques**

Liquidity limits are determined in order to keep the risk regarding liquidity risk in defined limits and to monitor liquidity position. The aforementioned limits have been determined in accordance with “Regulation on Measurement and Evaluation of Bank’s Liquidity Adequacy” in Risk Appetite Statements and approved by Board of Directors.

**f. Disclosure regarding use of stress test**

Liquidity stress test regarding adverse effects in the Bank’s liquidity due to fluctuations in capital markets is applied by Risk Management Department and reported to Risk Management Committee.

In the stress scenarios created, the problems to be experienced on the funding side and the inability to collect the receivables expected to be collected are analyzed. In the liquidity planning process of the Bank, an assessment of the situation is made by evaluating the cumulative maturity mismatches according to the maturities under different severity scenarios.

**g. Information related to emergency and unexpected situation plan for liquidity**

“Emergency and unexpected situation plan for Liquidity” is approved by the Board of Directors and established in order to manage possible liquidity crisis and required actions for losses which can occur in extraordinary conditions are determined with preventing mechanisms and liquidity squeeze scenarios. The scope of the aforementioned plan is to pre-determine applicable scenarios, measurement of liquidity risk and the actions which shall be taken towards those risks.

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**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)**

**V. EXPLANATIONS ON LIQUIDITY RISK and LIQUIDITY COVERAGE RATIO (Continued)**

**h. Liquidity Coverage Ratio**

The liquidity coverage ratio is calculated by proportioning the high quality liquid assets owned by the bank to net cash outflow in a one month maturity. Significant balance sheet items that determine the ratio can be listed as required reserves at the CBRT, securities that not subject to repo/collateral, foreign funds and receivables from banks. As of the balance sheet period, 70% of the high quality liquid assets of LCR subject bank accounts with the Central Bank, and 27% of the issued securities is composed by the Treasury of Republic of Türkiye. The main funding sources of the Bank are funds borrowed, subordinated loans, borrowers’ funds, debts due to money markets and securities issued. As of the balance sheet date, 77% of the Bank’s fund resources, excluding equity, consists of funds borrowed and debts to money markets, 11% consists of debt securities issued, 3% consist of funds and 9% consists of subordinated loans. There may be fluctuations in the liquidity coverage ratio in the weeks when the share of funds originated from banks within fund sources increases or when medium/long term foreign funds, which are renewed when due, enter the one-month maturity.

Referring to the BRSA’s decision dated 12 December 2016 numbered 7123; it is announced that development and investment banks’ consolidated and unconsolidated liquidity coverage ratio will be applied as 0% unless otherwise stated according to paragraph 5 of article 4 of Regulations about Banks’ Liquidity Coverage Ratio Measurement.

Current Period <sup>(2)</sup>	Total amount which is not applied consideration rate		Total amount which is applied consideration rate	
	LC+FC	FC	LC+FC	FC
<b>High-quality Liquidity Assets (HLA)</b>				
1 High-quality Liquidity Assets			2,011,902	1,639,865
<b>Cash Outflows</b>				
2 Real person assets and retail assets	-	-	-	-
3 Stable assets	-	-	-	-
4 Lower Stable assets	-	-	-	-
5 Out of junior debts from real person assets and retail assets	2,937,266	1,227,743	2,937,266	1,227,743
6 Operational assets	-	-	-	-
7 Non –operating assets	-	-	-	-
8 Other Junior debt	2,937,266	1,227,743	2,937,266	1,227,743
9 Secured Debts			-	-
10 Other Cash Outflows	687,585	361,058	312,720	178,581
11 Derivative liabilities and margin liabilities	5	-	5	-
12 Debts from Structured financial instruments	-	-	-	-
13 Payment commitments for debts to financial markets and other off-balance sheet liabilities	687,580	361,058	312,715	178,581
14 Revocable off-balance sheet other liabilities and other contractual liabilities notwithstanding to any conditions	-	-	-	-
15 Other irrevocable or conditionally revocable off-balance sheet liabilities	-	-	-	-
<b>16 TOTAL CASH OUTFLOWS</b>			<b>3,249,986</b>	<b>1,406,324</b>
<b>CASH INFLOWS</b>				
17 Secured receivables	-	-	-	-
18 Unsecured receivables	2,183,183	1,093,399	1,412,972	845,778
19 Other cash inflows	46,150	327	46,150	327
<b>20 TOTAL CASH INFLOWS</b>	<b>2,229,333</b>	<b>1,093,726</b>	<b>1,459,122</b>	<b>846,105</b>
<b>21 TOTAL HLA STOCK</b>			<b>Upper limit applied amount</b> <b>2,011,902</b>	<b>1,639,865</b>
<b>22 TOTAL NET CASH OUTFLOWS <sup>(1)</sup></b>			<b>1,790,864</b>	<b>560,219</b>
<b>23 LIQUIDITY COVERAGE RATION (%)</b>			<b>112.34</b>	<b>292.72</b>

<sup>(1)</sup> The part of total cash inflows which exceeds 75% of total cash outflows is not being taken into account during the calculation of related amounts.

<sup>(2)</sup> Simple arithmetic mean of weekly unconsolidated liquidity ratios for the last three months including the reporting period are accounted in the table above.

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**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)**

**V. EXPLANATIONS ON LIQUIDITY RISK and LIQUIDITY COVERAGE RATIO (Continued)**

**h. Liquidity Coverage Ratio (Continued)**

Prior Period <sup>(2)</sup>	Total amount which is not applied consideration rate		Total amount which is applied consideration rate	
	LC+FC	FC	LC+FC	FC
<b>High-quality Liquidity Assets (HLA)</b>				
1 High-quality Liquidity Assets			1,952,458	1,703,206
<b>Cash Outflows</b>				
2 Real person assets and retail assets	-	-	-	-
3 Stable assets	-	-	-	-
4 Lower Stable assets	-	-	-	-
5 Out of junior debts from real person assets and retail assets	2,651,339	1,099,903	2,651,339	1,099,903
6 Operational assets	-	-	-	-
7 Non-operating assets	-	-	-	-
8 Other Junior debt	2,651,339	1,099,903	2,651,339	1,099,903
9 Secured Debts				
10 Other Cash Outflows	635,031	353,158	296,653	178,264
11 Derivative liabilities and margin liabilities	11	-	11	-
12 Debts from Structured financial instruments	-	-	-	-
13 Payment commitments for debts to financial markets and other off-balance sheet liabilities	635,020	353,158	296,642	178,264
14 Revocable off-balance sheet other liabilities and other contractual liabilities notwithstanding to any conditions	-	-	-	-
15 Other irrevocable or conditionally revocable off-balance sheet liabilities	-	-	-	-
<b>16 TOTAL CASH OUTFLOWS</b>			<b>2,947,992</b>	<b>1,278,167</b>
<b>CASH INFLOWS</b>				
17 Secured receivables	-	-	-	-
18 Unsecured receivables	1,424,114	729,928	987,281	618,344
19 Other cash inflows	6,760	1,046	6,760	1,046
<b>20 TOTAL CASH INFLOWS</b>	<b>1,430,874</b>	<b>730,974</b>	<b>994,041</b>	<b>619,390</b>
<b>21 TOTAL HLA STOCK</b>			<b>Upper limit applied amount</b>	
			<b>1,952,458</b>	<b>1,703,206</b>
<b>22 TOTAL NET CASH OUTFLOWS <sup>(1)</sup></b>			<b>1,953,951</b>	<b>658,777</b>
<b>23 LIQUIDITY COVERAGE RATION (%)</b>			<b>99.92</b>	<b>258.54</b>

<sup>(1)</sup> The part of total cash inflows which exceeds 75% of total cash outflows is not being taken into account during the calculation of related amounts.

<sup>(2)</sup> Simple arithmetic mean of weekly unconsolidated liquidity ratios for the last three months including the reporting period are accounted in the table above.

The maximum and minimum liquidity coverage ratio for the last three months of 30 June 2025 and 31 December 2024 are presented below.

Current Period	Maximum	Week	Minimum	Week	Average
FC	669.45	18.04.2025	176.83	20.06.2025	292.72
LC+FC	162.00	28.04.2025	83.54	30.05.2025	112.34
Prior Period	Maximum	Week	Minimum	Week	Average
FC	490.14	20.12.2024	187.14	6.12.2024	258.54
LC+FC	146.00	18.10.2024	75.38	6.12.2024	99.92

The liquidity ratios regarding first and second maturity tranches are presented below.

Current Period	First Maturity Tranche (Weekly)		Second Maturity Tranche (Monthly)	
	FC	FC+LC	FC	FC+LC
Average (%)	274.01	130.55	208.77	132.15
Maximum (%)	429.60	169.66	328.62	158.11
Minimum (%)	147.62	104.39	111.18	100.26
Prior Period	FC	FC+LC	FC	FC+LC
Average (%)	272.47	133.30	178.39	122.34
Maximum (%)	433.84	168.79	257.86	159.24
Minimum (%)	149.07	104.37	114.69	100.27

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**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)**

**V. EXPLANATIONS ON LIQUIDTY RISK and LIQUIDITY COVERAGE RATIO (Continued)**

**i. Breakdown of assets and liabilities according to their outstanding maturities (Continued)**

Current Period	Demand	Up to 1 month	1-3 Month	3-12 Month	1-5 Year	5 Year and Over	Unclassified <sup>(1)</sup>	Total
<b>Assets</b>								
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the CBRT	774,087	883,310	-	-	-	-	(551)	1,656,846
Due From Banks	165,503	15,018	-	390,807	-	-	(2,662)	568,666
Financial Assets at Fair Value Through Profit/Loss	-	194	-	-	16,686	130,216	-	147,096
Money Market Placements	-	390,511	-	-	-	-	(237)	390,274
Financial Assets At Fair Value Through Other Comprehensive Income	7,660	10,261	13,618	90,290	24,060	-	-	145,889
Loans <sup>(2)</sup>	-	2,223,957	946,807	2,723,047	1,553,683	112,551	(40,094)	7,519,951
Financial Assets Measured At Amortized Cost	-	6,842	61,066	681,826	1,143,649	-	(10,273)	1,883,110
Other Assets	-	185,512	9,500	14,396	4,226	-	802,314	1,015,948
<b>Total Assets</b>	<b>947,250</b>	<b>3,715,605</b>	<b>1,030,991</b>	<b>3,900,366</b>	<b>2,742,304</b>	<b>242,767</b>	<b>748,497</b>	<b>13,327,780</b>
<b>Liabilities</b>								
Bank Deposits	-	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	2,237	2,925,746	1,609,253	2,584,348	-	-	-	7,121,584
Money Market Payables	-	416,750	269,915	441,993	-	-	-	1,128,658
Marketable Securities Issued	-	116,420	4,996	1,098,049	-	-	-	1,219,465
Miscellaneous Payables <sup>(5)</sup>	168,873	35,412	56,498	3,952	-	-	-	264,735
Other Liabilities <sup>(3),(4)</sup>	105,168	202,030	221,549	19,347	8,618	994,327	2,042,299	3,593,338
<b>Total Liabilities</b>	<b>276,278</b>	<b>3,696,358</b>	<b>2,162,211</b>	<b>4,147,689</b>	<b>8,618</b>	<b>994,327</b>	<b>2,042,299</b>	<b>13,327,780</b>
<b>Liquidity Gap</b>	<b>670,972</b>	<b>19,247</b>	<b>(1,131,220)</b>	<b>(247,323)</b>	<b>2,733,686</b>	<b>(751,560)</b>	<b>(1,293,802)</b>	<b>-</b>
<b>Net Off-Balance Sheet Liquidity Gap</b>	<b>-</b>	<b>56</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>56</b>
Financial Derivative Assets <sup>(6)</sup>	-	125,364	-	-	-	-	-	125,364
Financial Derivative Liabilities <sup>(6)</sup>	-	(125,308)	-	-	-	-	-	(125,308)
Non-cash Loans	270,165	10,000	122,948	647,604	173,779	-	-	1,224,496

<sup>(1)</sup> Allowances for the expected credit losses are included in the non-interest bearing column.

<sup>(2)</sup> Finance lease receivables are included.

<sup>(3)</sup> Borrowers' funds and subordinated loans are presented in the other liabilities.

<sup>(4)</sup> Shareholders' equity is presented under other liabilities in the unclassified column.

<sup>(5)</sup> Presented in other liabilities at financial statements.

<sup>(6)</sup> Includes asset purchase and sale commitments.

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**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)**

**V. EXPLANATIONS ON LIQUIDTY RISK and LIQUIDITY COVERAGE RATIO (Continued)**

**i. Breakdown of assets and liabilities according to their outstanding maturities (Continued)**

Prior Period	Demand	Up to 1 month	1-3 Month	3-12 Month	1-5 Year	5 Year and Over	Unclassified <sup>(1)</sup>	Total
<b>Assets</b>								
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the CBRT	941,860	855,842	-	-	-	-	(563)	1,797,139
Due From Banks	159,909	1,249,304	-	-	-	-	(2,025)	1,407,188
Financial Assets at Fair Value Through Profit/Loss	-	-	-	-	12,378	83,713	-	96,091
Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets At Fair Value Through Other Comprehensive Income	7,659	5,056	8,089	159,089	70,661	-	-	250,554
Loans <sup>(2)</sup>	-	1,779,298	1,397,782	2,061,825	1,676,680	112,799	(39,433)	6,988,951
Financial Assets Measured At Amortized Cost	-	3,877	285,424	319,524	938,204	-	(8,838)	1,538,191
Other Assets	-	96,510	4,719	13,906	6,674	-	713,386	835,195
<b>Total Assets</b>	<b>1,109,428</b>	<b>3,989,887</b>	<b>1,696,014</b>	<b>2,554,344</b>	<b>2,704,597</b>	<b>196,512</b>	<b>662,527</b>	<b>12,913,309</b>
<b>Liabilities</b>								
Bank Deposits	-	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	4,176	2,328,507	908,622	1,213,116	1,023,129	-	-	5,477,550
Money Market Payables	-	915,449	116,402	384,113	3,408	-	-	1,419,372
Marketable Securities Issued	-	51,436	4,714	1,092,151	1	-	-	1,148,302
Miscellaneous Payables <sup>(5)</sup>	533,513	56,415	66,330	2,140	-	-	-	658,398
Other Liabilities <sup>(3),(4)</sup>	979,642	121,928	213,655	222,728	2,026	882,928	1,786,780	4,209,687
<b>Total Liabilities</b>	<b>1,517,331</b>	<b>3,473,735</b>	<b>1,309,723</b>	<b>2,914,248</b>	<b>1,028,564</b>	<b>882,928</b>	<b>1,786,780</b>	<b>12,913,309</b>
<b>Liquidity Gap</b>	<b>(407,903)</b>	<b>516,152</b>	<b>386,291</b>	<b>(359,904)</b>	<b>1,676,033</b>	<b>(686,416)</b>	<b>(1,124,253)</b>	<b>-</b>
<b>Net Off-Balance Sheet Liquidity Gap</b>	<b>-</b>	<b>-</b>						
Financial Derivative Assets <sup>(6)</sup>	-	-	-	-	-	-	-	-
Financial Derivative Liabilities <sup>(6)</sup>	-	-	-	-	-	-	-	-
Non-cash Loans	356,227	30,000	127,987	644,118	160,692	-	-	1,319,024

<sup>(1)</sup> Allowances for the expected credit losses are included in the non-interest bearing column.

<sup>(2)</sup> Finance lease receivables are included.

<sup>(3)</sup> Borrowers' funds is presented in the other liabilities.

<sup>(4)</sup> Shareholders' equity is presented under other liabilities in the unclassified column.

<sup>(5)</sup> Presented in other liabilities at financial statements.

<sup>(6)</sup> Includes asset purchase and sale commitments.

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**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)**

**V. EXPLANATIONS ON LIQUIDITY RISK and LIQUIDITY COVERAGE RATIO (Continued)**

**j. Net Stable Funding Ratio**

	Unweighted Amount According to Residual Maturity				Total Weighted Amount
	Non Maturity*	Residual maturity of less than 6 months	Maturity of six months and longer but less than one year	Residual maturity of one year or more	
<b>Current Period</b>					
Available stable funding					
Capital Instruments	2,699,362	-	-	-	2,699,362
Tier 1 Capital and Tier 2 Capital	2,699,362	-	-	-	2,699,362
Other Capital Instruments	-	-	-	-	-
Real-person and Retail Customer Deposits	814	91,408	-	-	87,612
Stable Deposits	814	91,408	-	-	87,612
Less Stable Deposits	-	-	-	-	-
Other Obligations	-	495,714	2,368,151	-	1,431,932
Operational deposits	-	-	-	-	-
Other Obligations	-	495,714	2,368,151	-	1,431,932
Liabilities equivalent to interconnected assets					
Other Liabilities	1,759	5,541,635	-	1,132,292	1,132,292
Derivative liabilities					
All other equity not included in the above categories	1,759	5,541,635	-	1,132,292	1,132,292
<b>Available stable funding</b>					<b>5,351,198</b>
Required stable funding					
Required stable funding					48,927
Deposits held at financial institutions for operational purposes	-	-	-	-	-
Performing Loans	2,277,311	642,713	3,876,295	1,766,938	3,847,288
Encumbered loans to financial institutions, where the loan is secured against Level 1 assets	-	-	-	-	-
Unencumbered loans to financial institutions or encumbered loans that are not secured against Level 1 assets	2,277,311	642,713	630,281	48,352	801,496
Loans to corporate customers, real persons and or retail customers, central banks, other than credit agencies and/or financial institutions	-	-	3,246,014	1,602,207	2,984,883
Residential mortgages with a risk weight of less than or equal to %35	-	-	-	-	-
Residential mortgages	-	-	-	18,133	11,786
Residential mortgages with a risk weight of less than or equal to %35	-	-	-	-	-
Securities that are not in default and do not qualify as HQLA and exchange-traded equities	-	-	-	98,246	49,123
Assets equivalent to interconnected liabilities					
Other Assets	24,098	58,121	289,697	921,812	1,293,728
Physical traded commodities, including gold	-				-
Initial margin posted or given guarantee fund to central counterparty					
Derivative Assets		22,482			22,482
Derivative Liabilities before the deduction of the variation margin					
Other Assets not included above	24,098	35,639	289,697	921,812	1,271,246
Off-balance sheet commitments		235,296	1,256,483	-	74,589
<b>Total Required stable funding</b>					<b>5,264,532</b>
<b>Net Stable Funding Ratio (%) "Current/Required Stable Funding"</b>					<b>101.65</b>

\*Items listed under the 'Non-Maturing' column have no specified maturity. These include, but are not limited to, equity elements with no specific maturity, demand deposits, short positions, positions with no specified maturity, equities that do not qualify as high-quality liquid assets, and physically deliverable commodities.

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**V. EXPLANATIONS ON LIQUIDTY RISK and LIQUIDITY COVERAGE RATIO (Continued)**

**j. Net Stable Funding Ratio (Continued)**

Prior Period	Unweighted Amount According to Residual Maturity				Total Weighted Amount
	Non Maturity*	Residual maturity of less than 6 months	Maturity of six months and longer but less than one year	Residual maturity of one year or more	
Available stable funding					
Capital Instruments	2,408,179	-	-	-	2,408,179
Tier 1 Capital and Tier 2 Capital	2,408,179	-	-	-	2,408,179
Other Capital Instruments	-	-	-	-	-
Real-person and Retail Customer Deposits	378	98,314	-	-	93,757
Stable Deposits	378	98,314	-	-	93,757
Less Stable Deposits	-	-	-	-	-
Other Obligations	-	663,810	1,199,148	-	931,479
Operational deposits	-	-	-	-	-
Other Obligations	-	663,810	1,199,148	-	931,479
Liabilities equivalent to interconnected assets					
Other Liabilities	3,949	4,149,319	-	2,559,604	2,559,604
Derivative liabilities	-	-	-	-	-
All other equity not included in the above categories	3,949	4,149,319	-	2,559,604	2,559,604
<b>Available stable funding</b>					<b>5,993,019</b>
Required stable funding					
Required stable funding					47,703
Deposits held at financial institutions for operational purposes	-	-	-	-	-
Performing Loans	2,102,273	811,918	3,231,946	1,909,781	3,651,826
Encumbered loans to financial institutions, where the loan is secured against Level 1 assets	-	-	-	-	-
Unencumbered loans to financial institutions or encumbered loans that are not secured against Level 1 assets	2,102,273	811,918	481,552	73,767	751,671
Loans to corporate customers, real persons and or retail customers, central banks, other than credit agencies and/or financial institutions	-	-	2,750,394	1,716,300	2,834,052
Residential mortgages with a risk weight of less than or equal to %35	-	-	-	-	-
Residential mortgages	-	-	-	41,635	27,063
Residential mortgages with a risk weight of less than or equal to %35	-	-	-	-	-
Securities that are not in default and do not qualify as HQLA and exchange-traded equities	-	-	-	78,079	39,040
Assets equivalent to interconnected liabilities					
Other Assets	36,023	33,406	10,775	661,994	742,198
Physical traded commodities, including gold	-	-	-	-	-
Initial margin posted or given guarantee fund to central counterparty	-	-	-	-	-
Derivative Assets	-	212	-	-	212
Derivative Liabilities before the deduction of the variation margin	-	-	-	-	-
Other Assets not included above	36,023	33,194	10,775	661,994	741,986
Off-balance sheet commitments	-	73,020	1,333,923	-	70,347
<b>Total Required stable funding</b>					<b>4,512,074</b>
<b>Net Stable Funding Ratio (%) "Current/Required Stable Funding"</b>					<b>132.82</b>

\*Items listed under the 'Non-Maturing' column have no specified maturity. These include, but are not limited to, equity elements with no specific maturity, demand deposits, short positions, positions with no specified maturity, equities that do not qualify as high-quality liquid assets, and physically deliverable commodities.

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**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)**

**V. EXPLANATIONS ON LIQUIDTY RISK and LIQUIDITY COVERAGE RATIO (Continued)**

**k. Breakdown of contractual cash outflows of financial liabilities according to their remaining maturities**

<b>Current Period</b>	<b>Up to 1 month</b>	<b>1-3 months</b>	<b>3-12 months</b>	<b>1-5 years</b>	<b>Over 5 years</b>	<b>Total Outflow</b>	<b>Carrying Amount</b>
Deposits	-	-	-	-	-	-	-
Funds borrowed	2,935,996	1,689,106	2,659,450	-	-	7,284,552	7,121,584
Money market payables	417,162	290,541	444,329	-	-	1,152,032	1,128,658
Financial leasing payables	49	48	216	171	-	484	367
Securities issued	117,912	15,375	1,133,953	-	-	1,267,240	1,219,465
Funds	118,836	211,123	-	-	-	329,959	315,394
Miscellaneous payables	204,422	57,400	3,994	-	-	265,816	264,735
Subordinated debt	-	14,193	42,580	227,715	1,121,883	1,406,371	993,677
<b>Total</b>	<b>3,794,377</b>	<b>2,277,786</b>	<b>4,284,522</b>	<b>227,886</b>	<b>1,121,883</b>	<b>11,706,454</b>	<b>11,043,880</b>

<b>Prior Period</b>	<b>Up to 1 month</b>	<b>1-3 months</b>	<b>3-12 months</b>	<b>1-5 years</b>	<b>Over 5 years</b>	<b>Total Outflow</b>	<b>Carrying Amount</b>
Deposits	-	-	-	-	-	-	-
Funds borrowed	2,343,417	956,195	1,346,280	1,242,280	1,021,163	6,909,335	5,477,550
Money market payables	917,037	121,362	387,505	3,616	-	1,429,520	1,419,372
Financial leasing payables	36	66	204	219	-	525	399
Securities issued	51,978	13,649	1,173,854	-	-	1,239,481	1,148,302
Funds	107,181	181,869	187,427	-	-	476,477	465,814
Miscellaneous payables	1,473,270	68,121	2,170	-	-	1,543,561	658,398
Subordinated debt	-	12,185	38,216	202,156	1,021,163	1,273,720	882,285
<b>Total</b>	<b>4,892,919</b>	<b>1,353,447</b>	<b>3,135,656</b>	<b>1,448,271</b>	<b>2,042,326</b>	<b>12,872,619</b>	<b>10,052,120</b>

**l. Breakdown of derivative instruments according to their remaining contractual maturities**

<b>Prior Period</b>	<b>Up to 1 month</b>	<b>1-3 months</b>	<b>3-12 months</b>	<b>1-5 years</b>	<b>Over 5 years</b>	<b>Total</b>
Forward/Spot Transactions-Buy	125,364	-	-	-	-	<b>125,364</b>
Forward/Spot Transactions-Sell	(125,308)	-	-	-	-	<b>(125,308)</b>
Swap Transactions-Buy	-	-	-	-	-	-
Swap Transactions-Sell	-	-	-	-	-	-
Futures Transactions-Buy	-	-	-	-	-	-
Futures Transactions-Sell	-	-	-	-	-	-
Options-Buy	-	-	-	-	-	-
Options-Sell	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>Total</b>	<b>56</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>56</b>

As of 31 December 2024, the Bank has no derivative instruments.

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**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)**

**VI. EXPLANATIONS ON LEVERAGE RATIO**

Unconsolidated leverage ratio was realized as 11.6% (31 December 2024 - 11.3%). The increase occurred in the capital amount led to a increase in leverage compared to the previous period. Regulation has been linked to the provision of the minimum leverage ratio of 3%.

	Current Period <sup>(1)</sup>	Prior Period <sup>(1)</sup>
<b>Asset On The Balance Sheet</b>		
Assets on the balance sheet (excluding derivative financial instruments and loan derivatives, including collaterals)	12,720,821	11,606,001
(Assets deducted from core capital)	(22,273)	(20,853)
<b>Total risk amount for assets on the balance sheet</b>	<b>12,698,548</b>	<b>11,585,148</b>
<b>Derivative Financial Instruments and Loan Derivatives</b>		
Renewal cost of derivative financial instruments and loan derivatives	-	-
Potential credit risk amount of derivative financial instruments and loan derivatives	214	149
<b>Total risk amount of derivative financial instruments and loan derivatives</b>	<b>214</b>	<b>149</b>
<b>Financing Transactions With Securities Or Goods Warranties</b>		
Risk amount of financial transactions with securities or goods warranties (excluding those in the balance sheet)	379,753	387,663
Risk amount arising from intermediated transactions	-	-
<b>Total risk amount of financing transactions with securities or goods warranties</b>	<b>379,753</b>	<b>387,663</b>
<b>Off-the-Balance Sheet Transactions</b>		
Gross nominal amount of the off-the-balance sheet transactions	1,491,779	1,406,943
Adjustment amount arising from multiplying by the credit conversion rate	-	-
<b>Total risk amount for off-the-balance sheet transactions</b>	<b>1,491,779</b>	<b>1,406,943</b>
<b>Capital and Total Risk</b>		
Core capital	1,686,128	1,514,384
Total risk amount	14,570,294	13,379,903
<b>Leverage Ratio</b>		
<b>Leverage ratio (%)</b>	<b>11.6%</b>	<b>11.3%</b>

<sup>(1)</sup> Arithmetic average of last three months including reporting period.

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**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)**

**VII. EXPLANATIONS ON THE RISK MANAGEMENT**

Notes and explanations in this section have been prepared in accordance with the “Communiqué on Disclosures about Risk Management to be Announced to Public by Banks” that have been published in official gazette no 29511 on 23 October 2015. Since Internal Rating-Based (IRB) approach is not applied, tables that have to be prepared within the scope of IRB, are not presented.

**a. Bank’s risk management approach**

Effective risk management constitutes one of the most important competitive strength of the Bank. Risk management system is assessed as a critical process which includes all units starting from the Board of Directors level.

General strategies regarding Bank’s risk management are given below:

- Effective risk management within the Bank’s risk profile based on materiality; implementing a centralized risk framework that includes all major risk areas.
- Managing existing and potential risks from the beginning through forward looking risk strategies, policies and procedures, models and parameters,
- Applying a risk-focused management approach in the strategic decision process,
- Complying with all national risk management requirements, where the Bank operates.

The Bank’s Board of Directors has the ultimate responsibility for setting-up and monitoring the efficiency of such a risk management system. The Board of Directors manages the risks through Risk Management Committee (RMC). RMC is responsible for the development of risk policies, measurement of risks and determination of methods to manage them, setting up of appropriate risk limits and their monitoring. All the risk policies of RMC are written and integrated with the Bank’s long term strategy.

The Board of Directors fulfils its monitoring responsibility through the Auditing Committee, the Executive Risk Committee, the Credit Committee and other related intermediary committees and by means of regular risk, control and audit reporting system.

The Board of Directors regularly reviews and approves Bank’s main risk approach, risk principles and policies which are initially discussed and decided by the Risk Management Committee. The Board of Directors also determines Bank’s risk appetite by risk limits taking market conditions and Bank’s risk taking capacity into consideration. Risk limits are made up of regulatory and internal limits on the basis of risk types.

Bank’s Senior Management is responsible to the Bank’s Board of Directors that daily activities are executed within the risk management procedures and risk limits determined by the Board of Directors and that risk management system operates in effective and efficient manner.

The Internal Audit, the Internal Control and Compliance Presidency and The Risk Management Departments operate in coordination with the business units of the Bank. In this scope, it is also Senior Management’s responsibility to take necessary measures in order to resolve identified weaknesses, deficiencies and errors stated in the reports of internal and external audits, internal control and risk management.

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**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)**

**VII. EXPLANATIONS ON THE RISK MANAGEMENT (Continued)**

**a. Bank’s risk management approach (Continued)**

Locally and internationally accepted risk models and parameters are used in the identification, measurement and monitoring of risks within the scope of risk management. The Bank strives continuously for development and improvement of internal methods and models. Forward looking risk reports prepared through regular and close monitoring of the market developments are made available for the Senior Management and the Board of Directors. In order to analyse the potential risks that the Bank may be exposed in extreme cases, various scenario analyses are performed and contingency plans are prepared. The Bank’s internal capital adequacy assessment process (“ICAAP”) has been established and the ICAAP has been performed parallel to the annual budget process on an annual basis. Moreover, various risk mitigation techniques are utilized to limit and provide protection against risks the Bank is exposed to. The effectiveness and efficiency of the risk mitigation techniques are regularly monitored.

**b. General view to risk weighted amounts**

	Risk weighted amounts		Minimum capital requirements
	Current Period	Prior Period	Current Period
Credit risk (excluding counterparty credit risk) (CCR)	9,188,057	8,928,432	735,045
Of which standardised approach (SA)	9,188,057	8,928,432	735,045
Of which internal rating-based (IRB) approach	-	-	-
Counterparty credit risk	412,466	406,485	32,997
Of which standardised approach for counterparty credit risk (SA-CCR)	412,466	406,485	32,997
Of which internal model method (IMM)	-	-	-
Equity positions in banking book under market-based approach	-	-	-
Equity investments in funds – look-through approach	-	-	-
Equity investments in funds – mandate-based approach	146,905	96,092	11,752
Equity investments in funds – fallback approach	-	-	-
Settlement risk	-	-	-
Securitisation exposures in banking book	-	-	-
Of which IRB ratings-based approach (RBA)	-	-	-
Of which IRB Supervisory Formula Approach (SFA)	-	-	-
Of which SA/simplified supervisory formula approach (SSFA)	-	-	-
Market risk	133,538	70,538	10,683
Of which standardised approach (SA)	133,538	70,538	10,683
Of which internal model approaches (IMM)	-	-	-
Operational risk	1,038,069	635,904	83,046
Of which Basic Indicator Approach	1,038,069	635,904	83,046
Of which Standardised Approach	-	-	-
Of which Advanced Measurement Approach	-	-	-
Amounts below the thresholds for deduction (subject to 250% risk weight)	-	-	-
Floor adjustment	-	-	-
<b>Total</b>	<b>10,919,035</b>	<b>10,137,451</b>	<b>873,523</b>

**c. Explanations on Credit Risk**

Credit risk management includes the definition of credit risks, their measurement and management.

Risk limits are defined by Board of Directors in such a manner that covers all possible important risk components, in accordance with the Bank’s operations and the size and complexity of products and services. The care is taken to ensure that the risk limits are in line with market expectations and reflect the Bank’s risk appetite and Bank’s strategies. The credit policies are established in consistence with risk limits.

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**VII. EXPLANATIONS ON THE RISK MANAGEMENT (Continued)**

**c. Explanations on Credit Risk (Continued)**

When determining Bank’s credit risk profile, diversification methods are applied in order to prevent concentrations. The choice of customers are done in accordance with policies and risk limits. Besides, the capability of the customer to pay via its cash flows generated from its own activities are taken into consideration.

Risk rating models are utilised to discriminate borrowers in terms of their credibilities.

In the credit risk management process, Risk Management Unit conducts the activities of measurement of credit risk through models, monitoring and reporting. In addition to the risk limits regarding credit risk, several concentrations are analyzed in the credit portfolio.

The outputs of the risk rating models are an important part of credit allocation process as well as a tool to measure the probability of default of the customers and the portfolio.

The Bank utilises an effective risk management policy that truly classifies risks and customers in order to achieve its targets. Appropriate decision systems are in place for the correct evaluation of risks and the limit structure of the customers are determined.

To measure the credibility of the customers, analysis and intelligence studies are performed. The information from past, current and future financial and non-financial data are examined.

For a consistent evaluation, quantification and monitoring of risks; in order to make correct decisions during the processes of credit request by the customer, credit approval, collateralization, restructuring, monitoring and closing, all information and documents regarding the customer are collected in a shared database. Credit proposals are finalized by the evaluation of General Manager, Credit Committee or Board of Directors, depending on the limits. Credit risks are measured, monitored and reported by the Risk Management Unit.

**c.1) CR1 – Credit quality of assets**

	Current Period	Gross Carrying Amounts reported in Financial Statements in accordance with TAS		Allowances / amortization and impairment	Net Value
		Defaulted exposures	Non-defaulted exposures		
1	Loans and lease receivables	22,538	7,537,507	(40,094)	7,519,951
2	Debt securities	-	2,186,174	(10,891)	2,175,283
3	Off-balance sheet exposures	-	1,479,503	(7,033)	1,472,470
	<b>Total</b>	<b>22,538</b>	<b>11,203,184</b>	<b>(58,018)</b>	<b>11,167,704</b>

	Prior Period	Gross Carrying Amounts reported in Financial Statements in accordance with TAS		Allowances / amortization and impairment	Net Value
		Defaulted exposures	Non-defaulted exposures		
1	Loans and lease receivables	35,268	6,993,116	(39,433)	6,988,951
2	Debt securities	-	1,893,674	(10,163)	1,883,511
3	Off-balance sheet exposures	-	1,323,432	(6,061)	1,317,371
	<b>Total</b>	<b>35,268</b>	<b>10,210,222</b>	<b>(55,657)</b>	<b>10,189,833</b>

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**VII. EXPLANATIONS ON THE RISK MANAGEMENT (Continued)**

**c. Explanations on Credit Risk (Continued)**

**c.2) CR2 – Changes in stock of defaulted loans and debt securities**

	<b>Current period</b>	<b>Prior Period</b>
<b>1 Beginning Balance</b>	<b>35,268</b>	<b>13,787</b>
2 Additions	86	60,510
3 Receivables that are not re-default	-	-
4 Write-offs	-	(13,807)
5 Other changes <sup>(1)</sup>	(12,816)	(25,222)
<b>Ending Balance(1+2-3-4±5)</b>	<b>22,538</b>	<b>35,268</b>

<sup>1)</sup> Includes collections from non-performing receivables.

**c.3) CRB – Additional explanations on credit quality of assets**

The Bank calculates expected loss provisions within the scope of TFRS 9, as explained in the account policies and disclosures related to impairment of financial assets and expected credit loss calculation. The Bank evaluates whether there is a significant increase in the credit risk of the financial instrument within the scope of impairment since it was first included in the financial statements. In making this assessment, it uses the change the expected default risk of the financial instruments.

Loans that have overdue above 90-day in delay in the relevant month are included in the follow-up accounts and are subject to specific provisions.

Refinancing or restructuring; One or more loans extended by the Bank due to financial difficulties that the customer or group is expected to be present for future, is subject to a new loan that will cover the principal or interest payment completely or partially, or the conditions in existing loans are changed to ensure that the debt can be paid.

**Non-Performing loans and specific provision by geographic breakdown**

	<b>Current Period</b>			<b>Prior Period</b>		
	<b>NPL</b>	<b>Specific Provision</b>	<b>Write-offs</b>	<b>NPL</b>	<b>Specific Provision</b>	<b>Write-offs</b>
Domestic	22,538	22,538	-	35,268	26,811	-
European countries	-	-	-	-	-	-
OECD countries	-	-	-	-	-	-
Off-shore banking regions	-	-	-	-	-	-
USA, Canada	-	-	-	-	-	-
Other countries	-	-	-	-	-	-
<b>Total</b>	<b>22,538</b>	<b>22,538</b>	<b>-</b>	<b>35,268</b>	<b>26,811</b>	<b>-</b>

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**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)**

**VII. EXPLANATIONS ON THE RISK MANAGEMENT (Continued)**

**c.3) CRB – Additional explanations on credit quality of assets (Continued)**

**Non-Performing loans and specific provision by sectoral breakdown**

	Current Period			Prior Period		
	NPL	Specific Provision	Write-offs	NPL	Specific Provision	Write-offs
<b>Agriculture</b>	-	-	-	-	-	-
Farming and Stockbreeding	-	-	-	-	-	-
Forestry	-	-	-	-	-	-
Fishery	-	-	-	-	-	-
<b>Manufacturing</b>	<b>6,653</b>	<b>6,653</b>	-	<b>15,051</b>	<b>6,594</b>	-
Mining and Quarrying	-	-	-	-	-	-
Production	6,653	6,653	-	15,051	6,594	-
Electricity, Gas and Water	-	-	-	-	-	-
<b>Construction</b>	-	-	-	-	-	-
<b>Services</b>	<b>15,885</b>	<b>15,885</b>	-	<b>20,217</b>	<b>20,217</b>	-
Wholesale and Retail Trade	15,885	15,885	-	20,217	20,217	-
Accommodation and Dining	-	-	-	-	-	-
Transportation and Telecom	-	-	-	-	-	-
Financial Institutions	-	-	-	-	-	-
Real Estate and Rental Services	-	-	-	-	-	-
Professional Services	-	-	-	-	-	-
Educational Services	-	-	-	-	-	-
Health and Social Services	-	-	-	-	-	-
<b>Others</b>	-	-	-	-	-	-
<b>Total</b>	<b>22,538</b>	<b>22,538</b>	-	<b>35,268</b>	<b>26,811</b>	-

**Aging analysis of performing loans with overdue and non-performing loans**

	Current Period	Prior Period
Up to 3 Months	-	35,268
3-12 Months	-	-
1-3 Years	22,538	-
3-5 Years	-	-
Over 5 Years	-	-
<b>Total</b>	<b>22,538</b>	<b>35,268</b>

**Information on loans that have been restructured or rescheduled**

	Current Period	Prior Period
Standard Loans that have been restructured or rescheduled	-	-
Loans Under Close Monitoring that have been restructured or rescheduled	1,800	2,008
Non-performing loans that have been restructured or rescheduled	-	-
<b>Total</b>	<b>1,800</b>	<b>2,008</b>

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**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)**

**VII. EXPLANATIONS ON THE RISK MANAGEMENT (Continued)**

**c.4) Qualitative requirements to be disclosed regarding Credit risk mitigation techniques and CR3 – Explanations on Credit risk mitigation techniques**

In order to ensure timely and complete fulfilment of all obligations arising from loans, it is essential to obtain appropriate collaterals.

The main purpose of collateralization of any loan is to minimize the credit, foreign exchange and maturity risk. Within this scope, the minimum margin of guarantee is determined and the guarantees suitable for the loan types are obtained. There is collateral matching in the system for each loan. In addition, the appropriateness of the margin for each guarantee is also checked.

The Bank discounts the collaterals by using some fixed ratios and calculates the expected cash equivalent of the collaterals in case they are transformed into cash. The difference between the credit and the cash equivalent of the collateral is defined as the net risk. In calculation of the net risk, the coefficients in the facility rating model are taken into account.

		Exposures unsecured: carrying amount (According to TAS)	Exposures secured by collateral	Exposures secured by collateral, of which: secured amount	Exposures secured by financial guarantees	Exposures secured by financial guarantees, of which: secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which: secured amount
	<b>Current Period</b>							
1	Loans and lease receivables	6,154,129	1,000,198	616,028	365,624	107,115	-	-
2	Debt securities	2,175,283	-	-	-	-	-	-
<b>3</b>	<b>Total</b>	<b>8,329,412</b>	<b>1,000,198</b>	<b>616,028</b>	<b>365,624</b>	<b>107,115</b>	-	-
4	Defaulted items	22,538	-	-	-	-	-	-

		Exposures unsecured: carrying amount (According to TAS)	Exposures secured by collateral	Exposures secured by collateral, of which: secured amount	Exposures secured by financial guarantees	Exposures secured by financial guarantees, of which: secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which: secured amount
	<b>Prior Period</b>							
1	Loans and lease receivables	5,503,595	1,485,356	760,465	250,166	128,313	-	-
2	Debt securities	1,883,511	-	-	-	-	-	-
<b>3</b>	<b>Total</b>	<b>7,387,106</b>	<b>1,485,356</b>	<b>760,465</b>	<b>250,166</b>	<b>128,313</b>	-	-
4	Defaulted items	35,268	-	-	-	-	-	-

**c.5) Qualitative explanations using the rating grades to calculate the banks' credit risk by standard approach**

In determining the risk weights regarding risk classes defined in Article 6 of “Regulation on Measurement and Assessment of Capital Adequacy of Banks”, country risk classification published by OECD (Organisation for Economic Cooperation and Development) is taken into account. According to capital adequacy regulations, the risk classification and risk weights of receivables from banks and intermediary institutions and receivables from corporates are determined in accordance with the regulations.

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**VII. EXPLANATIONS ON THE RISK MANAGEMENT (Continued)**

**CR4: Standardised approach – Credit risk exposure and credit risk mitigation effects**

Current Period	Risk Classifications	Exposures before credit risk mitigation and credit conversion factors		Exposures after credit risk mitigation and credit conversion factors		Risk weighted assets (RWA) amounts and RWA density	
		On balance sheet amount	Off balance sheet amount	On balance sheet amount	Off balance sheet amount	RWA	RWA Density (%)
1	Receivables from Central Governments or Central Banks	2,989,823	-	2,989,823	-	360,439	12.06
2	Receivables from Regional Management or Local Governments	-	-	-	-	-	-
3	Receivables from Administrative Units or Non-commercial Ventures	-	-	-	-	-	-
4	Receivables from Multilateral Development Banks	-	-	-	-	-	-
5	Receivables from International Organizations	-	-	-	-	-	-
6	Receivables from Banks and Brokerage Corporation	2,509,787	920,943	2,509,144	537,189	2,398,696	78.74
7	Corporate receivables	6,585,426	544,343	6,530,630	388,710	5,225,635	75.52
8	Retail receivables	13,694	-	13,694	-	10,270	75.00
9	Collateralized by real estate mortgages receivables	54,569	4,190	26,434	2,095	9,985	35.00
10	Collateralized by trading mortgages receivables	931,412	10,027	931,412	5,014	642,677	68.63
11	Non-performing receivables	22,538	-	-	-	-	-
12	Receivables defined in high risk category by BRSA	-	-	-	-	-	-
13	Collateralized securities	13,233	-	13,233	-	13,233	100.00
14	Short-term receivables and short-term corporate receivables from Banks and Brokerage corporations	-	-	-	-	-	-
15	Investments in nature of Collective Investment funds	146,905	-	146,905	-	146,905	100.00
16	Other receivables	519,535	-	519,535	-	519,463	99.99
17	Equity security investments	7,659	-	7,659	-	7,659	100.00
	<b>Total</b>	<b>13,794,581</b>	<b>1,479,503</b>	<b>13,688,469</b>	<b>933,008</b>	<b>9,334,962</b>	<b>63.84</b>

Prior Period	Risk Classifications	Exposures before credit risk mitigation and credit conversion factors		Exposures after credit risk mitigation and credit conversion factors		Risk weighted assets (RWA) amounts and RWA density	
		On balance sheet amount	Off balance sheet amount	On balance sheet amount	Off balance sheet amount	RWA	RWA Density (%)
1	Receivables from Central Governments or Central Banks	3,266,472	-	3,266,472	-	571,353	17.49
2	Receivables from Regional Management or Local Governments	-	-	-	-	-	-
3	Receivables from Administrative Units or Non-commercial Ventures	-	-	-	-	-	-
4	Receivables from Multilateral Development Banks	-	-	-	-	-	-
5	Receivables from International Organizations	-	-	-	-	-	-
6	Receivables from Banks and Brokerage Corporation	2,453,984	650,463	2,453,984	492,437	2,641,588	89.65
7	Corporate receivables	6,193,065	662,078	6,074,197	463,663	4,664,930	71.35
8	Retail receivables	15,644	-	15,644	-	11,733	75.00
9	Collateralized by real estate mortgages receivables	48,087	614	48,087	307	16,938	35.00
10	Collateralized by trading mortgages receivables	814,873	10,277	814,874	5,138	574,303	70.04
11	Non-performing receivables	35,268	-	8,458	-	8,458	100.00
12	Receivables defined in high risk category by BRSA	-	-	-	-	-	-
13	Securities collateralized by mortgages	16,048	-	16,048	-	16,048	100.00
14	Short-term receivables and short-term corporate receivables from Banks and Brokerage corporations	-	-	-	-	-	-
15	Investments in nature of Collective Investment funds	96,092	-	96,092	-	96,092	100.00
16	Other receivables	415,532	-	415,532	-	415,422	99.97
17	Equity security investments	7,659	-	7,659	-	7,659	100.00
	<b>Total</b>	<b>13,362,724</b>	<b>1,323,432</b>	<b>13,217,047</b>	<b>961,545</b>	<b>9,024,524</b>	<b>63.65</b>

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**VII. EXPLANATIONS ON THE RISK MANAGEMENT (Continued)**

**CR5 – Standardised approach – exposures by risk classes and risk weights**

	<b>Current Period</b>	<b>0%</b>	<b>10%</b>	<b>20%</b>	<b>25%</b>	<b>35%</b>	<b>50%</b>	<b>75%</b>	<b>100%</b>	<b>150%</b>	<b>200%</b>	<b>250%</b>	<b>Others</b>	<b>Total credit risk amount (after CRM and CCF)</b>
1	Receivables from Central Governments or Central Banks	2,629,384	-	-	-	-	-	-	360,439	-	-	-	-	2,989,823
2	Receivables from Regional Management or Local Governments	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Receivables from Administrative Units or Non-commercial Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Receivables from Multilateral Development Banks	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Receivables from International Organizations	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Receivables from Banks and Brokerage Corporation	-	-	516,011	-	-	469,657	-	2,060,665	-	-	-	-	3,046,333
7	Corporate receivables	-	-	848,649	-	-	1,204,898	-	4,865,793	-	-	-	-	6,919,340
8	Retail receivables	-	-	-	-	-	-	13,694	-	-	-	-	-	13,694
9	Collateralized by real estate mortgages receivables	-	-	-	-	28,529	-	-	-	-	-	-	-	28,529
10	Collateralized by trading mortgages receivables	-	-	-	-	-	587,499	-	348,927	-	-	-	-	936,426
11	Non-performing receivables	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Receivables defined in high risk category by BRSA	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Securities collateralized by mortgages	-	-	-	-	-	-	-	13,233	-	-	-	-	13,233
14	Short-term receivables and corporate receivables from Banks and Brokerage Corp.	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Investments in nature of Collective Investment funds	-	-	-	-	-	-	-	146,905	-	-	-	-	146,905
16	Equity security investments	-	-	-	-	-	-	-	7,659	-	-	-	-	7,659
17	Other receivables	72	-	-	-	-	-	-	519,463	-	-	-	-	519,535
	<b>Total</b>	<b>2,629,456</b>	<b>-</b>	<b>1,364,660</b>	<b>-</b>	<b>28,529</b>	<b>2,262,054</b>	<b>13,694</b>	<b>8,323,084</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,621,477</b>

	<b>Prior Period</b>	<b>0%</b>	<b>10%</b>	<b>20%</b>	<b>25%</b>	<b>35%</b>	<b>50%</b>	<b>75%</b>	<b>100%</b>	<b>150%</b>	<b>200%</b>	<b>250%</b>	<b>Others</b>	<b>Total credit risk amount (after CRM and CCF)</b>
1	Receivables from Central Governments or Central Banks	2,695,120	-	-	-	-	-	-	571,352	-	-	-	-	3,266,472
2	Receivables from Regional Management or Local Governments	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Receivables from Administrative Units or Non-commercial Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Receivables from Multilateral Development Banks	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Receivables from International Organizations	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Receivables from Banks and Brokerage Corporation	-	-	115,276	-	-	425,222	-	2,405,923	-	-	-	-	2,946,421
7	Corporate receivables	-	-	852,851	-	-	1,568,325	-	4,116,684	-	-	-	-	6,537,860
8	Retail receivables	-	-	-	-	-	-	15,644	-	-	-	-	-	15,644
9	Collateralized by real estate mortgages receivables	-	-	-	-	48,394	-	-	-	-	-	-	-	48,394
10	Collateralized by trading mortgages receivables	-	-	-	-	-	491,425	-	328,587	-	-	-	-	820,012
11	Non-performing receivables	-	-	-	-	-	-	-	8,458	-	-	-	-	8,458
12	Receivables defined in high risk category by BRSA	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Securities collateralized by mortgages	-	-	-	-	-	-	-	16,048	-	-	-	-	16,048
14	Short-term receivables and corporate receivables from Banks and Brokerage Corp.	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Investments in nature of Collective Investment funds	-	-	-	-	-	-	-	96,092	-	-	-	-	96,092
16	Equity security investments	-	-	-	-	-	-	-	7,659	-	-	-	-	7,659
17	Other receivables	110	-	-	-	-	-	-	415,422	-	-	-	-	415,532
	<b>Total</b>	<b>2,695,230</b>	<b>-</b>	<b>968,127</b>	<b>-</b>	<b>48,394</b>	<b>2,484,972</b>	<b>15,644</b>	<b>7,966,225</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,178,592</b>

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**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)**

**VII. EXPLANATIONS ON THE RISK MANAGEMENT (Continued)**

**d. Issues related to counterparty credit risk (CCR)**

The CCR strategy is determined by counterparty type and product categories. Counterparties are categorized as central counterparties, banks, corporate and commercial companies. The products are grouped as foreign exchange transactions (forward, futures, swap), interest swap transactions (interest swap, cross currency swap and futures and repo transactions).

The creditworthiness of the counterparty is analyzed prior to the transactions leading to the CCR and subsequently the creditworthiness of the counter parties is reviewed at regular intervals. The frequency of inspections is increased when necessary.

The scope and level of information providing the opportunity to assess the creditworthiness of the counterparty shall be differentiated depending on the volume of the transaction to be realized, the level of the CCR and / or the counterparty.

For counterparties except banks, the counterparty credit risk limits are determined based on credit allocation policies. In case of deterioration of market conditions or in case of deterioration of credit quality of some counterparties, limits are reviewed and necessary changes are made.

The related approvals identified for loan allocation process are applied for corporate and individual customers, excluding banks. In case of deterioration in market conditions and/or in the credit quality of the borrower company/group, the related company/group limits are reviewed and necessary actions are taken. For the loan allocation process approvals of Board of Directors or the relevant committee approvals authorized by the Board of Directors are applied. In case of significant changes in market conditions and/or structure or financials of the related company/group, the related company/group limits are reviewed and necessary actions are taken. Collateralization principles and procedures are applied for counterparties other than financial institutions within the framework of credit policies and application principles currently applied in the Bank.

The potential, current and maximum risk amounts of the transactions are calculated/determined in order to determine the CCR. The risks of transactions that are subject to the legally binding bilateral netting agreement and to which the netting transaction can be applied are followed together.

**d.1) CCR1 – Analysis of counterparty credit risk (CCR) exposure by approach**

	Current Period	Revaluation Cost	Potential credit risk exposure	EEPE	Alpha	Exposure after credit risk mitigation	Risk Weighted Amounts
1	Standard approach-CCR (for derivatives)	194	265		1.40	643	129
2	Internal Model Method (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)			-	-	-	-
3	Simple Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					-	-
4	Comprehensive Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					434,469	412,337
5	VaR for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit					-	-
	<b>Total</b>						<b>412,466</b>

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**VII. EXPLANATIONS ON THE RISK MANAGEMENT (Continued)**

**d.1) CCR1 – Analysis of counterparty credit risk (CCR) exposure by approach (Continued)**

	Prior Period	Revaluation Cost	Potential credit risk exposure	EEPE	Alpha	Exposure after credit risk mitigation	Risk Weighted Amounts
1	Standard approach-CCR (for derivatives)	-	-	-	1.40	-	-
2	Internal Model Method (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)	-	-	-	-	-	-
3	Simple Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)	-	-	-	-	-	-
4	Comprehensive Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)	-	-	-	-	419,850	406,485
5	VaR for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit	-	-	-	-	-	-
	<b>Total</b>						<b>406,485</b>

**d.2) CCR2 – Credit valuation adjustment (CVA) capital charge**

	Current Period		Prior Period	
	Risk amount (after credit risk mitigation techniques)	Risk weighted amounts	Risk amount (after credit risk mitigation techniques)	Risk weighted amounts
Total portfolios subject to the Advanced CVA capital charge	-	-	-	-
1 (i) Value at Risk (VaR) component (including the 3×multiplier)	-	-	-	-
2 (ii) Stressed VaR component (including the 3×multiplier)	-	-	-	-
3 All portfolios subject to the Standardised CVA capital charge	643	-	-	-
Total subject to the CVA capital charge	<b>643</b>	<b>-</b>	<b>-</b>	<b>-</b>

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**VII. EXPLANATIONS ON THE RISK MANAGEMENT (Continued)**

**d.3) CCR3 – Standardised approach – CCR exposures by regulatory portfolio and risk weights:**

Current Period	Risk Weights									Total Credit Risk <sup>(1)</sup>
	0%	10%	20%	50%	75%	100%	150%	Other		
Risk Classifications										
Receivables from Central Governments or Central Banks	1,663	-	-	-	-	-	-	-	-	1,663
Receivables from Regional Management or Local Governments	-	-	-	-	-	-	-	-	-	-
Receivables from Administrative Units or Non-commercial Ventures	-	-	-	-	-	-	-	-	-	-
Receivables from Multilateral Development Banks	-	-	-	-	-	-	-	-	-	-
Receivables from International Organizations	-	-	-	-	-	-	-	-	-	-
Receivables from Banks and Brokerage Corporation	-	-	21,949	-	-	-	-	-	-	21,949
Corporate receivables	-	-	-	-	-	397,805	-	-	-	397,805
Retail receivables	-	-	-	-	13,695	-	-	-	-	13,695
Other assets <sup>(2)</sup>	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1,663</b>	<b>-</b>	<b>21,949</b>	<b>-</b>	<b>13,695</b>	<b>397,805</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>435,112</b>

(1) Total credit risk: The amount to be considered in the capital adequacy calculation after the CRM is applied.

(2) Other receivables: Includes amounts not included in the counterparty credit risk reported in CCR8.

Prior Period	Risk Weights									Total Credit Risk <sup>(1)</sup>
	0%	10%	20%	50%	75%	100%	150%	Other		
Risk Classifications										
Receivables from Central Governments or Central Banks	-	-	-	-	-	-	-	-	-	-
Receivables from Regional Management or Local Governments	-	-	-	-	-	-	-	-	-	-
Receivables from Administrative Units or Non-commercial Ventures	-	-	-	-	-	-	-	-	-	-
Receivables from Multilateral Development Banks	-	-	-	-	-	-	-	-	-	-
Receivables from International Organizations	-	-	-	-	-	-	-	-	-	-
Receivables from Banks and Brokerage Corporation	-	-	11,817	-	-	-	-	-	-	11,817
Corporate receivables	-	-	-	-	-	392,389	-	-	-	392,389
Retail receivables	-	-	-	-	15,644	-	-	-	-	15,644
Other assets <sup>(2)</sup>	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>11,817</b>	<b>-</b>	<b>15,644</b>	<b>392,389</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>419,850</b>

(1) Total credit risk: The amount to be considered in the capital adequacy calculation after the CRM is applied.

(2) Other receivables: Includes amounts not included in the counterparty credit risk reported in CCR8.

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**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)**

**VII. EXPLANATIONS ON THE RISK MANAGEMENT (Continued)**

**d.4) CCR5 – Composition of collateral for CCR exposure**

Current Period	Collaterals for Derivatives				Collaterals or Other Transactions	
	Collaterals Taken		Collaterals Given		Collaterals Taken	Collaterals Given
	Reserved	Not Reserved	Reserved	Not Reserved		
Cash- local currency	-	-	-	-	-	-
Cash- foreign currency	-	-	-	-	-	-
Government bond/bill – local	-	-	-	-	-	351,528
Government bond/bill – other	-	-	-	-	-	15,896
Public institutions bond/bill	-	-	-	-	-	571,083
Corporate bond/bill	-	-	-	-	-	348,547
Share equities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	<b>1,287,054</b>

Prior Period	Collaterals for Derivatives				Collaterals or Other Transactions	
	Collaterals Taken		Collaterals Given		Collaterals Taken	Collaterals Given
	Reserved	Not Reserved	Reserved	Not Reserved		
Cash- local currency	-	-	-	-	-	-
Cash- foreign currency	-	-	-	-	-	-
Government bond/bill – local	-	-	-	-	-	222,807
Government bond/bill – other	-	-	-	-	-	448,583
Public institutions bond/bill	-	-	-	-	-	251,009
Corporate bond/bill	-	-	-	-	-	281,284
Share equities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	<b>1,203,683</b>

**d.5) CCR6 – Credit derivatives**

The Bank does not have credit derivatives.

**d.6) CCR8 – Exposures to central counterparties**

	Current Period		Prior Period	
	Exposure at default (post-CRM)	RWA	Exposure at default (post-CRM)	RWA
<b>Exposure to Qualified Central Counterparties (QCCPs) (total)</b>	-	-	-	-
Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	-	-	-	-
(i) OTC Derivatives	-	-	-	-
(ii) Exchange-traded Derivatives	-	-	-	-
(iii) Securities financing transactions	-	-	-	-
(iv) Netting sets where cross-product netting has been approved	-	-	-	-
Segregated initial margin	-	-	-	-
Non-segregated initial margin	-	-	-	-
Pre-funded default fund contributions	-	-	-	-
Unfunded default fund contributions	-	-	-	-
<b>Exposures to non-QCCPs (total)</b>	-	-	-	-
Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	-	-	-	-
(i) OTC Derivatives	-	-	-	-
(ii) Exchange-traded Derivatives	-	-	-	-
(iii) Securities financing transactions	-	-	-	-
(iv) Netting sets where cross-product netting has been approved	-	-	-	-
Segregated initial margin	-	-	-	-
Non-segregated initial margin	-	-	-	-
Pre-funded default fund contributions	-	-	-	-
Unfunded default fund contributions	-	-	-	-

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**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)**

**VII. EXPLANATIONS ON THE RISK MANAGEMENT (Continued)**

**e. Issues to be announced to public related to securitisation positions**

The Bank does not have transactions related to securitizations, the related table has not been prepared.

**f. Explanations on market risk**

The risk principles, policies and risk limits related to the management of market risk are approved by the Board of Directors and reviewed on a regular basis. The Bank's Senior Management performs day to day management of the market risk in accordance with the limits assigned by the Board of Directors. The Bank is exposed to market risk as a result of fluctuations in foreign exchange rates, interest rates, and market prices of stocks. Exchange rate risk and interest rate risk are evaluated as the two most important components of market risk. The Bank engages in derivative transactions for hedge purposes when found necessary. Market risk is calculated by the "standard method". For legal reporting, standard method is utilised.

The following table indicates the details of the market risk calculation, in accordance with the Market Risk Calculation principles pursuant to the Third Section of the "Regulation on Measurement and Assessment of Capital Adequacy of Banks" published in the Official Gazette no. 29511 on 23 October 2015.

		Current Period RWA	Prior Period RWA
	<b>Outright products</b>		
1	Interest rate risk (general and specific)	23,213	20,463
2	Equity risk (general and specific)	-	-
3	Foreign exchange risk	110,325	50,075
4	Commodity risk	-	-
	<b>Options</b>		
5	Simplified approach	-	-
6	Delta-plus method	-	-
7	Scenario approach	-	-
8	<b>Securitisation</b>	-	-
	<b>Total</b>	<b>133,538</b>	<b>70,538</b>

**g. Explanations on operational risk**

The "Basic Indicator Method" that is mentioned in "Regulation on Measurement and Assessment of Capital Adequacy of Banks" Communiqué is used in the operational risk calculation of the Bank and calculated on a yearly basis.

Current Period	2 Prior Period Amount	Prior Period Amount	Current Period Amount	Total/ Positive GI year number	Ratio (%)	Total
Gross Revenue	327,625	542,127	791,158	553,637	15	83,046
Amount Subject to Operational Risk (Total*12,5)						<b>1,038,069</b>

Prior Period	2 Prior Period Amount	Prior Period Amount	Current Period Amount	Total/ Positive GI year number	Ratio (%)	Total
Gross Revenue	147,695	327,625	542,127	339,149	15	50,872
Amount Subject to Operational Risk (Total*12,5)						<b>635,904</b>

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**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)**

**VIII. EXPLANATIONS ON THE PRESENTATION OF FINANCIAL ASSETS AND LIABILITIES AT THEIR FAIR VALUES**

**Fair value calculations of financial assets and liabilities**

The fair values of financial assets amortised at cost are determined based on market prices or when this price is not available, based on market prices quoted for other securities subject to the same redemption qualifications in terms of interest, maturity and other similar conditions.

The fair value of securities issued is calculated according to quoted market prices and if these are not available, amounts derived from discounted cash flow models.

The expected fair value of loans and receivables are determined by calculating the discounted cash flows using the current market interest rates for the fixed loans with fixed interest rates. For the loans with floating interest rates, it is assumed that the carrying value reflects the fair value.

The following table summarizes the carrying values and fair values of financial assets and liabilities. The carrying value represents the acquisition costs and accumulated interest accruals of corresponding financial assets or liabilities.

	Carrying Value		Fair Value	
	Current Period	Prior Period	Current Period	Prior Period
<b>Financial Assets</b>	<b>12,365,649</b>	<b>12,128,973</b>	<b>12,451,334</b>	<b>12,197,535</b>
Money market placements (*)	390,511	-	390,511	-
Banks (*)	571,328	1,409,213	571,328	1,408,466
Cash and balances at Central Bank (*)	1,657,397	1,797,702	1,657,397	1,797,702
Derivative financial assets	194	-	194	-
Financial assets at fair value through profit or loss	146,902	96,091	146,902	96,091
Financial assets at fair value through other comprehensive income	145,889	250,554	145,889	250,554
Financial assets measured at amortised cost	1,893,383	1,547,029	1,916,454	1,584,200
Loans	7,560,045	7,028,384	7,622,659	7,060,522
<b>Financial Liabilities</b>	<b>11,043,660</b>	<b>10,051,721</b>	<b>11,051,490</b>	<b>10,071,560</b>
Banks' deposits	-	-	-	-
Other deposits	-	-	-	-
Funds borrowed from other financial institutions	7,121,584	5,477,550	7,125,134	5,504,166
Securities issued	1,219,465	1,148,302	1,220,903	1,141,952
Miscellaneous payables	264,735	658,398	264,735	658,398
Money market payables	1,128,658	1,419,372	1,129,777	1,418,945
Derivative financial liabilities	147	-	147	-
Borrowers' funds	315,394	465,814	315,394	465,814
Subordinated loans	993,677	882,285	995,400	882,285

(\*) Since its non-interest bearing and short term, the book value is equal to the fair value.

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**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)**

**VIII. EXPLANATIONS ON THE PRESENTATION OF FINANCIAL ASSETS AND LIABILITIES AT THEIR FAIR VALUES (Continued)**

**Fair value hierarchy:**

TFRS 13 sets a hierarchy of valuation techniques according to the observability of data used in valuation techniques which establish basis for fair value calculations.

Aforesaid fair value hierarchy is determined as follows:

- Identical assets and quoted market prices (non-adjusted) (1st level);
- Directly (by way of prices) or indirectly (derived from prices) data for the assets or liabilities, other than quoted prices in the 1st level (2nd level);
- Data not based on observable market data regarding assets or liabilities (3rd level).

Fair value hierarchy of the financial assets and liabilities of the Bank carried at fair value according to the foregoing principles is given in the table below:

<b>Current Period</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Derivative financial assets	-	194	-	194
Financial assets at fair value through profit or loss	16,684	-	130,218	146,902
Financial assets at fair value through other comprehensive income	138,230	-	7,659	145,889
<b>Total Assets</b>	<b>154,914</b>	<b>194</b>	<b>137,877</b>	<b>292,985</b>
Derivative financial liabilities	-	147	-	147
<b>Total liabilities</b>	<b>-</b>	<b>147</b>	<b>-</b>	<b>147</b>

<b>Prior Period</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Derivative financial assets	-	-	-	-
Financial assets at fair value through profit or loss	12,378	-	83,713	96,091
Financial assets at fair value through other comprehensive income	242,895	-	7,659	250,554
<b>Total Assets</b>	<b>255,273</b>	<b>-</b>	<b>91,372</b>	<b>346,645</b>
Derivative financial liabilities	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

There are no transfers between the levels.

<b>Movement in Level 3</b>	<b>Current Period</b>	<b>Prior Period</b>
<b>Opening balance</b>	<b>91,372</b>	<b>93,257</b>
Additions	1,258	2,459
Disposals	-	-
Impairment	45,247	(10,115)
Transfers	-	-
<b>Closing balance</b>	<b>137,877</b>	<b>85,601</b>

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**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)**

**IX. EXPLANATIONS ON THE ACTIVITIES CARRIED OUT ON BEHALF AND ACCOUNT OF OTHER PERSONS**

The Bank has been authorized to provide trading brokerage activity, portfolio brokerage activity, best-effort copy public offering brokerage activity and limited custody services. The Bank does not deal with fiduciary transactions.

**X. EXPLANATIONS ON OPERATING SEGMENTS**

<b>Current Period</b>	<b>Corporate and Commercial Banking</b>	<b>Treasury and Asset Liability Management</b>	<b>Total</b>
<b>Total Assets</b>	<b>7,698,303</b>	<b>5,629,477</b>	<b>13,327,780</b>
<b>Total Liabilities</b>	<b>771,522</b>	<b>12,556,258</b>	<b>13,327,780</b>
Net Interest Income/(Loss)	893,451	(553,968)	339,483
Net Fee and Commission Income/(Loss)	22,134	5,569	27,703
Dividend Income	-	1,029	1,029
Trading Gain/(Loss)	31,454	54,646	86,100
Other Operating Gains	24,110	28,277	52,387
Provisions for Loan Losses and Other Receivables(-)	(25,708)	(12,313)	(38,021)
Other Operating Expenses (-)	-	(226,342)	(226,342)
<b>Profit Before Tax</b>	<b>945,441</b>	<b>(703,102)</b>	<b>242,339</b>
Tax Provision	(181,912)	216,189	34,277
<b>Net Profit / Loss</b>	<b>763,529</b>	<b>(486,913)</b>	<b>276,616</b>

<b>Prior Period</b>	<b>Corporate and Commercial Banking</b>	<b>Treasury and Asset Liability Management</b>	<b>Total</b>
<b>Total Assets</b>	<b>7,081,308</b>	<b>5,832,001</b>	<b>12,913,309</b>
<b>Total Liabilities</b>	<b>1,211,814</b>	<b>11,701,495</b>	<b>12,913,309</b>
Net Interest Income/(Loss)	587,523	(332,638)	254,885
Net Fee and Commission Income/(Loss)	47,891	1,328	49,219
Trading Gain/(Loss)	47,681	49,043	96,724
Other Operating Gains	20,868	14,459	35,327
Provisions for Loan Losses and Other Receivables(-)	(39,410)	(6,815)	(46,225)
Other Operating Expense (-)	-	(148,934)	(148,934)
<b>Profit Before Tax</b>	<b>664,553</b>	<b>(423,557)</b>	<b>240,996</b>
Tax Provision	39,529	(25,194)	14,335
<b>Net Profit / Loss</b>	<b>704,082</b>	<b>(448,751)</b>	<b>255,331</b>

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**SECTION FIVE**

**EXPLANATIONS AND NOTES RELATED TO  
UNCONSOLIDATED FINANCIAL STATEMENTS**

**I. EXPLANATIONS AND NOTES RELATED TO ASSETS**

**1. Information related to cash and the account of The Central Bank of the Republic of Türkiye (the “CBRT”):**

**a. Information on cash and the account of the CBRT**

	Current Period		Prior Period	
	LC	FC	LC	FC
Cash/Foreign currency	10	63	10	100
CBRT	16,405	1,640,919	28,728	1,768,864
Other	-	-	-	-
<b>Total</b>	<b>16,415</b>	<b>1,640,982</b>	<b>28,738</b>	<b>1,768,964</b>

**b. Information on the account of the CBRT**

	Current Period		Prior Period	
	LC	FC	LC	FC
Demand Unrestricted Amount	16,405	757,838	28,728	913,846
Time Unrestricted Amount	-	-	-	-
Time Restricted Amount	-	883,081	-	855,018
<b>Total</b>	<b>16,405</b>	<b>1,640,919</b>	<b>28,728</b>	<b>1,768,864</b>

The Bank maintains reserve requirements at the CBRT for its Turkish Lira and foreign currency liabilities in accordance with the CBRT’s “Communiqué No. 2013/15 on Reserve Requirements”. As part of the regulatory changes aimed at strengthening the macroprudential policy framework, mandatory reserves, which were previously applied to the liability side of the balance sheet, have now also been applied to the asset side. Mandatory reserves can be held at the CBRT in Turkish Lira, US Dollar, Euro, and standard gold, as specified in the “Regulation on Mandatory Reserves”.

As of 30 June 2025, the applicable rates for mandatory reserves held at the Central Bank of the Republic of Türkiye (CBRT) range from 0% to 18% for Turkish lira, depending on the maturity structure, excluding accounts supported by exchange rate/price protection provided by the Central Bank (31 December 2024: 0% to 8%); and for foreign currency, the rates range from 5% to 25%, depending on the maturity structure (31 December 2024: 5% to 25%).

**2. Information on financial assets at fair value through profit or loss**

- a. As of 30 June 2025, the Bank has no financial assets at fair value through profit or loss subject to repo transactions and given as collateral/blocked (31 December 2024 - None).

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**EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS  
(Continued)**

**I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)**

**2. Information on financial assets at fair value through profit or loss**

**b. Financial assets at fair value through profit or loss**

	Current Period	Prior Period
<b>Debt Securities</b>	-	-
Quoted on Stock Exchange	-	-
Not Quoted	-	-
<b>Share Certificates / Investment Funds</b>	<b>146,904</b>	<b>96,091</b>
Quoted on Stock Exchange	-	-
Not Quoted	146,904	96,091
<b>Impairment Provision (-)</b>	<b>(2)</b>	-
<b>Total</b>	<b>146,902</b>	<b>96,091</b>

**c. Positive differences related to derivative financial assets**

	Current Period		Prior Period	
	LC	FC	LC	FC
Forward transactions	194	-	-	-
Swap transactions	-	-	-	-
Futures transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>194</b>	<b>-</b>	<b>-</b>	<b>-</b>

**3. Information on banks**

**a. Information on banks**

	Current Period		Prior Period	
	LC	FC	LC	FC
<b>Banks</b>	<b>38,196</b>	<b>533,132</b>	<b>32,921</b>	<b>1,376,292</b>
Domestic	38,196	72,247	32,921	884,095
Foreign	-	460,885	-	492,197
Branches and offices abroad	-	-	-	-
<b>Total</b>	<b>38,196</b>	<b>533,132</b>	<b>32,921</b>	<b>1,376,292</b>

**b. Information on foreign banks accounts**

	Unrestricted Amount		Restricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
European Union Countries	29,252	35,839	-	-
USA, Canada	35,443	37,862	-	-
OECD Countries <sup>1</sup>	-	-	-	-
Off-shore Banking Regions	-	-	-	-
Other	396,190	418,496	-	-
<b>Total</b>	<b>460,885</b>	<b>492,197</b>	<b>-</b>	<b>-</b>

<sup>(1)</sup> OECD Countries other than EU countries, USA and Canada.

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**EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS  
(Continued)**

**I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)**

**4. Information on financial assets at fair value through other comprehensive income**

**a. Information financial assets subject to repurchase agreements and given as collateral/blocked**

	Current Period		Prior Period	
	LC	FC	LC	FC
Collateral / Blocked	36,319	-	2,531	-
Repurchase transaction	55,651	-	62,479	-
<b>Total</b>	<b>91,970</b>	<b>-</b>	<b>65,010</b>	<b>-</b>

**b. Information on financial assets at fair value through other comprehensive income**

	Current Period	Prior Period
<b>Debt Securities</b>	<b>138,230</b>	<b>257,857</b>
Quoted on Stock Exchange	138,230	257,857
Not Quoted	-	-
<b>Share Certificates</b>	<b>7,659</b>	<b>7,659</b>
Quoted on Stock Exchange	-	-
Not Quoted	7,659	7,659
<b>Impairment Provision (-)</b>	<b>-</b>	<b>(14,962)</b>
<b>Total</b>	<b>145,889</b>	<b>250,554</b>

**5. Information on loans**

**a. Information on all types of loans and advances given to shareholders and employees of the Bank**

	Current Period		Prior Period	
	Cash	Non-Cash	Cash	Non-Cash
<b>Direct Loans Granted to Shareholders</b>	<b>-</b>	<b>114,251</b>	<b>-</b>	<b>145,202</b>
Legal Entities	-	114,251	-	145,202
Individuals	-	-	-	-
<b>Indirect Loans Granted to Shareholders</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Loans Granted to Employees</b>	<b>483</b>	<b>-</b>	<b>514</b>	<b>-</b>
<b>Total<sup>(1)</sup></b>	<b>483</b>	<b>114,251</b>	<b>514</b>	<b>145,202</b>

<sup>(1)</sup> The Bank does not have any cash loans granted with the counter-guarantee to its main shareholder (31 December 2024 – None).

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**EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS  
(Continued)**

**I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)**

**5. Information on loans (Continued)**

**b. Information on the first and second group loans and other receivables including loans that have been restructured or rescheduled**

Current Period	Standard Loans	Loans Under Close Monitoring		
		Not under the scope of restructuring	Restructured Loans	
Cash Loans				Modifications on agreement conditions
<b>Non-specialized Loans</b>	<b>5,779,025</b>	<b>251,751</b>	<b>1,800</b>	-
Loans given to enterprises	849,422	-	1,800	-
Export Loans	616,694	42,002	-	-
Import Loans	-	-	-	-
Financial Sector Loans	2,206,244	209,749	-	-
Consumer Loans	21,093	-	-	-
Credit Cards	-	-	-	-
Other	2,085,572	-	-	-
<b>Specialized Loans</b>	-	-	-	-
<b>Other Receivables</b>	-	-	-	-
<b>Total</b>	<b>5,779,025</b>	<b>251,751</b>	<b>1,800</b>	-

Prior Period	Standard Loans	Loans Under Close Monitoring		
		Not under the scope of restructuring	Restructured Loans	
Cash Loans				Modifications on agreement conditions
<b>Non-specialized Loans</b>	<b>5,757,333</b>	<b>12,746</b>	<b>2,008</b>	-
Loans given to enterprises	843,628	6,250	2,008	-
Export Loans	573,225	-	-	-
Import Loans	-	-	-	-
Financial Sector Loans	2,330,644	-	-	-
Consumer Loans	10,819	-	-	-
Credit Cards	-	-	-	-
Other	1,999,017	6,496	-	-
<b>Specialized Loans</b>	-	-	-	-
<b>Other Receivables</b>	-	-	-	-
<b>Total</b>	<b>5,757,333</b>	<b>12,746</b>	<b>2,008</b>	-

Expected Credit Loss	Current Period		Prior Period	
	Standard Loans	Loans Under Close Monitoring	Standard Loans	Loans Under Close Monitoring
12 Months Expected Credit Loss	12,254	-	9,039	-
Significant Increase in Credit Risk	-	778	-	98
<b>Total <sup>(1)</sup></b>	<b>12,254</b>	<b>778</b>	<b>9,039</b>	<b>98</b>

<sup>(1)</sup> The expected loss provision of TL 4,524 related to financial leasing receivables has not been included (31 December 2024 – TL 3,485).

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**I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)**

**5. Information on loans (Continued)**

**b. Information on the first and second group loans and other receivables including loans that have been restructured or rescheduled (Continued)**

Number of modifications made to extend payment plan	Current Period		Prior Period	
	Standard Loans	Loans Under Close Monitoring	Standard Loans	Loans Under Close Monitoring
Extended by 1 or 2 times	-	1,800	-	2,008
Extended by 3,4 or 5 times	-	-	-	-
Extended by more than 5 times	-	-	-	-
<b>Total</b>	-	<b>1,800</b>	-	<b>2,008</b>

Extended period of time	Current Period		Prior Period	
	Standard Loans	Loans Under Close Monitoring	Standard Loans	Loans Under Close Monitoring
0 - 6 Months	-	-	-	-
6 - 12 Months	-	-	-	-
1 - 2 Years	-	-	-	-
2 - 5 Years	-	-	-	-
5 Years and over	-	1,800	-	2,008
<b>Total</b>	-	<b>1,800</b>	-	<b>2,008</b>

**c. Breakdown of loans according to their maturities**

Current Period	Standard Loans	Loans Under Close Monitoring	
		Not under the scope of restructuring	Restructured Loans
Short-Term Loans	3,040,069	251,751	-
Medium and Long-Term Loans	2,738,956	-	1,800
<b>Total</b>	<b>5,779,025</b>	<b>251,751</b>	<b>1,800</b>

Prior Period	Standard Loans	Loans Under Close Monitoring	
		Not under the scope of restructuring	Restructured Loans
Short-Term Loans	3,329,010	1,473	-
Medium and Long-Term Loans	2,428,323	11,273	2,008
<b>Total</b>	<b>5,757,333</b>	<b>12,746</b>	<b>2,008</b>

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**I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)**

**5. Information on loans (Continued)**

**d. Information on consumer loans, individual credit cards, personnel loans and personnel credit cards**

	Current Period			Prior Period		
	Short term	Medium-long term	Total	Short term	Medium-long term	Total
<b>Consumer loans-LC</b>	-	<b>13,613</b>	<b>13,613</b>	-	<b>4,393</b>	<b>4,393</b>
Real estate loans	-	13,613	13,613	-	4,393	4,393
Automobile loans	-	-	-	-	-	-
Consumer loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>Consumer loans- Indexed to FC</b>	-	-	-	-	-	-
Real estate loans	-	-	-	-	-	-
Automobile loans	-	-	-	-	-	-
Consumer loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>Consumer loans- FC</b>	-	<b>6,997</b>	<b>6,997</b>	-	<b>5,912</b>	<b>5,912</b>
Real estate loans	-	6,997	6,997	-	5,912	5,912
Automobile loans	-	-	-	-	-	-
Consumer loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>Individual credit cards- LC</b>	-	-	-	-	-	-
Installment	-	-	-	-	-	-
Non-Installment	-	-	-	-	-	-
<b>Individual credit cards-FC</b>	-	-	-	-	-	-
Installment	-	-	-	-	-	-
Non-Installment	-	-	-	-	-	-
<b>Personnel loans- LC</b>	-	<b>483</b>	<b>483</b>	-	<b>514</b>	<b>514</b>
Real estate loans	-	483	483	-	514	514
Automobile loans	-	-	-	-	-	-
Consumer loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>Personnel loans-Indexed to FC</b>	-	-	-	-	-	-
Real estate loans	-	-	-	-	-	-
Automobile loans	-	-	-	-	-	-
Consumer loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>Personnel loans-FC</b>	-	-	-	-	-	-
Real estate loans	-	-	-	-	-	-
Automobile loans	-	-	-	-	-	-
Consumer loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>Personnel credit cards- LC</b>	-	-	-	-	-	-
Installment	-	-	-	-	-	-
Non-Installment	-	-	-	-	-	-
<b>Personnel credit cards-FC</b>	-	-	-	-	-	-
Installment	-	-	-	-	-	-
Non-Installment	-	-	-	-	-	-
<b>Overdraft accounts- LC (Retail customer)</b>	-	-	-	-	-	-
<b>Overdraft accounts-FC (Retail customer)</b>	-	-	-	-	-	-
<b>Total</b>	-	<b>21,093</b>	<b>21,093</b>	-	<b>10,819</b>	<b>10,819</b>

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**I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)**

**5. Information on loans (Continued)**

**e. Information on commercial instalment loans and corporate credit cards**

<b>Current Period</b>	<b>Short Term</b>	<b>Medium- Long Term</b>	<b>Total</b>
<b>Commercial installment loans-LC</b>	-	-	-
Business residential loans	-	-	-
Automobile loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Commercial installment loans- Indexed to FC</b>	-	-	-
Business residential loans	-	-	-
Automobile loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Commercial installment loans - FC</b>	-	-	-
Business residential loans	-	-	-
Automobile loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Corporate credit cards-LC</b>	-	-	-
Installment	-	-	-
Non-Installment	-	-	-
<b>Corporate credit cards-FC</b>	-	-	-
Installment	-	-	-
Non-Installment	-	-	-
<b>Overdraft accounts-LC (Commercial customer)</b>	-	-	-
<b>Overdraft accounts-FC (Commercial customer)</b>	-	-	-
<b>Total</b>	-	-	-

<b>Prior Period</b>	<b>Short Term</b>	<b>Medium- Long Term</b>	<b>Total</b>
<b>Commercial installment loans-LC</b>	-	-	-
Business residential loans	-	-	-
Automobile loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Commercial installment loans- Indexed to FC</b>	-	<b>6,392</b>	<b>6,392</b>
Business residential loans	-	-	-
Automobile loans	-	-	-
Consumer loans	-	6,392	6,392
Other	-	-	-
<b>Commercial installment loans - FC</b>	-	-	-
Business residential loans	-	-	-
Automobile loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Corporate credit cards-LC</b>	-	-	-
Installment	-	-	-
Non-Installment	-	-	-
<b>Corporate credit cards-FC</b>	-	-	-
Installment	-	-	-
Non-Installment	-	-	-
<b>Overdraft accounts-LC (Commercial customer)</b>	-	-	-
<b>Overdraft accounts-FC (Commercial customer)</b>	-	-	-
<b>Total</b>	-	<b>6,392</b>	<b>6,392</b>

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**I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)**

**5. Information on loans (Continued)**

**f. Loans according to types of borrowers**

	<b>Current Period</b>	<b>Prior Period</b>
Public	80,090	71,238
Private	5,975,024	5,736,117
<b>Total<sup>(1)</sup></b>	<b>6,055,114</b>	<b>5,807,355</b>

<sup>(1)</sup> TL 22,538 (31 December 2024 – TL 35,268) non-performing loans are included.

**g. Distribution of domestic and foreign loans**

	<b>Current Period</b>	<b>Prior Period</b>
Domestic Loans	5,964,134	5,737,830
Foreign Loans	90,980	69,525
<b>Total<sup>(1)</sup></b>	<b>6,055,114</b>	<b>5,807,355</b>

<sup>(1)</sup> TL 22,538 (31 December 2024 – TL 35,268) non-performing loans are included.

**h. Loans granted to investments in associates and subsidiaries**

None (31 December 2024 - None).

**i. Specific provisions accounted for loans**

	<b>Current Period</b>	<b>Prior Period</b>
Loans with limited collectability	1,658	727
Loans with doubtful collectability	3,491	26,084
Uncollectible loans	17,389	-
<b>Total</b>	<b>22,538</b>	<b>26,811</b>

**j. Information on non-performing loans**

**i. Information on non-performing loans restructured or rescheduled and other receivables**

As of 30 June 2025 and 31 December 2024, the Bank does not have any restructured loans from non-performing receivables.

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**I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)**

**5. Information on loans (Continued)**

**j. Information on non-performing loans (Continued)**

**ii. Information on the movement of total non-performing loans**

Current Period	III. Group Loans with limited collectability	IV. Group Loans with doubtful collectability	V. Group Uncollectible loans
<b>Prior period end balance</b>	<b>1,658</b>	<b>33,610</b>	-
Additions (+)	-	35	51
Transfers from other categories of loans under follow-up (+)	-	-	17,338
Transfers to other categories of loans under follow-up (-) <sup>(1)</sup>	-	(17,338)	-
Collections (-)	-	(12,816)	-
Deducted from the record (-)	-	-	-
Sold (-)	-	-	-
Commercial and corporate loans	-	-	-
Individual loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
<b>Current period end balance</b>	<b>1,658</b>	<b>3,491</b>	<b>17,389</b>
Provision (-)	(1,658)	(3,491)	(17,389)
<b>Net Balance on balance sheet</b>	-	-	-

<sup>(1)</sup>Includes loans classified from non-performing loans to performing loans.

Prior Period	III. Group Loans with limited collectability	IV. Group Loans with doubtful collectability	V. Group Uncollectible loans
<b>Prior period end balance</b>	-	-	<b>13,787</b>
Additions (+)	60,490	-	20
Transfers from other categories of loans under follow-up (+)	-	42,237	-
Transfers to other categories of loans under follow-up (-) <sup>(1)</sup>	(42,237)	-	-
Collections (-)	(16,595)	(8,627)	-
Deducted from the record (-)	-	-	(13,807)
Sold (-)	-	-	-
Commercial and corporate loans	-	-	-
Individual loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
<b>Current period end balance</b>	<b>1,658</b>	<b>33,610</b>	-
Provision (-)	(727)	(26,084)	-
<b>Net Balance on balance sheet</b>	<b>931</b>	<b>7,526</b>	-

<sup>(1)</sup>Includes loans classified from non-performing loans to performing loans.

**iii. Information on non-performing loans granted as foreign currency loans**

None (31 December 2024: None).

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**I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)**

**5. Information on loans (Continued)**

**j. Information on non-performing loans (Continued)**

**iv. Information on non-performing loans based on types of borrowers**

	<b>III. Group</b>	<b>IV. Group</b>	<b>V. Group</b>
	<b>Loans with limited collectability</b>	<b>Loans with doubtful collectability</b>	<b>Uncollectible loans</b>
<b>Current period (Net)</b>	-	-	-
Loans granted to real persons and legal entities (Gross)	1,658	3,491	17,389
Provision (-)	(1,658)	(3,491)	(17,389)
Loans granted to real persons and legal entities (Net)	-	-	-
Banks (Gross)	-	-	-
Provision (-)	-	-	-
Banks (Net)	-	-	-
Other loans (Gross)	-	-	-
Provision (-)	-	-	-
Other loans (Net)	-	-	-
<b>Prior Period (Net)</b>	<b>931</b>	<b>7,526</b>	-
Loans granted to real persons and legal entities (Gross)	1,658	33,610	-
Provision (-)	(727)	(26,084)	-
Loans granted to real persons and legal entities (Net)	931	7,526	-
Banks (Gross)	-	-	-
Provision (-)	-	-	-
Banks (Net)	-	-	-
Other loans (Gross)	-	-	-
Provision (-)	-	-	-
Other loans (Net)	-	-	-

**v. Information on interest accruals, rediscounts, valuation differences and their provisions calculated for non-performing loans in accordance with TFRS 9**

None (31 December 2024: None).

**vi. Information on the collection policy of non-performing loans and other receivables and information on the write-off policy of the Bank**

Under the “Regulation on Amending the Regulation on the Classification of Loans and the Procedures and Principles for the Provisioning of Such Loans”, published in the Official Gazette No. 30961 on 27 November 2019, the Bank is allowed to remove from the balance sheet the portion of loans classified as “fifth group - loans classified as loss” for which there is no reasonable expectation of recovery. When determining whether there is a reasonable expectation, the bank conducts both objective and subjective assessments. As detailed in the accounting policies under “3.7. Explanations on Expected Credit Loss, provisions for expected credit losses are made in accordance with TFRS 9 for the portions of loans deemed not recoverable.

Under TFRS 9, the bank has not written off loans during the period (As of 31 December 2024, the bank has written off loans amounting to TL 13,807 and the impact on the non-performing loan ratio is 0.20%).

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**I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)**

**6. Information on financial assets measured at amortized cost**

**a. Information financial assets subject to repurchase agreements and given as collateral/blocked**

	Current Period		Prior Period	
	LC	FC	LC	FC
Collateral / Blocked	81,332	-	-	-
Repurchase transaction	297,689	919,545	158,191	952,133
<b>Total</b>	<b>379,021</b>	<b>919,545</b>	<b>158,191</b>	<b>952,133</b>

**b. Information on government debt securities measured at amortized cost**

	Current Period	Prior Period
Government bonds	762,024	888,192
Treasury bills	-	-
Other public sector debt securities	-	-
<b>Total</b>	<b>762,024</b>	<b>888,192</b>

**c. Information on financial assets measured at amortized cost**

	Current Period	Prior Period
<b>Debt Securities</b>	<b>1,893,383</b>	<b>1,547,029</b>
Quoted in a stock exchange	1,893,383	1,547,029
Not quoted	-	-
Impairment provisions (-) <sup>(1)</sup>	-	-
<b>Total</b>	<b>1,893,383</b>	<b>1,547,029</b>

<sup>(1)</sup> TL 10,274 (31 December 2024 – TL 8,838) expected credit losses included at line for expected credit losses on financial statements.

**d. The movement of financial assets measured at amortized cost during the year**

	Current Period	Prior Period
<b>Beginning balance</b>	<b>1,547,029</b>	<b>948,264</b>
Foreign currency differences on monetary assets <sup>(1)</sup>	179,041	114,500
Purchases during year	417,858	152,663
Disposals through sales and redemptions	(250,545)	(47,164)
Impairment provisions (-)	-	-
<b>Total</b>	<b>1,893,383</b>	<b>1,168,263</b>

<sup>(1)</sup> TL 3,807 (30 June 2024 – TL 2,586) of differences arising from the rediscounts and accruals presented in the "Foreign currency differences on monetary assets line.

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**I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)**

**7. Information on investments in associates (Net)**

**a. Information on unconsolidated investments in associates**

None (31 December 2024 - None).

**b. Information on consolidated investments in associates**

None (31 December 2024 - None).

**8. Information on subsidiaries (Net)**

None (31 December 2024 - None).

**9. Information on joint ventures**

None (31 December 2024 - None).

**10. Information on lease receivables (Net)**

**a. Information on lease receivables**

	<b>Current Period</b>	<b>Prior Period</b>
Financial lease receivables, Gross	1,685,942	1,333,274
Unearned income	(181,011)	(112,245)
<b>Financial lease receivables, Net<sup>(1)</sup></b>	<b>1,504,931</b>	<b>1,221,029</b>

<sup>(1)</sup> TL 4,524 (31 December 2024 – TL 3,485) expected credit losses included at line for expected credit losses on financial statements.

**b. Remaining maturities of financial lease investments**

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>Gross</b>	<b>Net</b>	<b>Gross</b>	<b>Net</b>
Up to 1 Year	935,584	842,242	600,192	566,870
1 – 5 Years	750,358	662,689	733,082	654,159
Over 5 Years	-	-	-	-
<b>Total</b>	<b>1,685,942</b>	<b>1,504,931</b>	<b>1,333,274</b>	<b>1,221,029</b>

**11. Information on hedging derivative financial assets**

None (31 December 2024 - None).

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**I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)**

**12. Information on property and equipment**

	Real Estates	Vehicles	Right of Use Assets	Other Tangible Assets	Total
<b>Prior Period</b>					
Cost	67,736	1,628	1,556	16,124	87,044
Accumulated Depreciation(-)	(1,967)	(1,628)	(1,202)	(9,593)	(14,390)
<b>Net Book Value 31 December 2024</b>	<b>65,769</b>	<b>-</b>	<b>354</b>	<b>6,531</b>	<b>72,654</b>
<b>Current Period</b>					
<b>Net Book Value 31 December 2024</b>	<b>65,769</b>	<b>-</b>	<b>354</b>	<b>6,531</b>	<b>72,654</b>
Additions	-	10,129	454	477	11,060
Transfers, cost	-	-	-	-	-
Disposals(-), cost	-	(1,003)	(938)	(87)	(2,028)
Disposals(+), accumulated depreciation	-	1,003	594	87	1,684
Depreciation (-)	(276)	(432)	(214)	(928)	(1,850)
Transfers, accumulated depreciation	-	-	-	-	-
<b>Net Book Value 30 June 2025</b>	<b>65,493</b>	<b>9,697</b>	<b>250</b>	<b>6,080</b>	<b>81,520</b>
Cost at Period End	67,736	10,754	1,072	16,514	96,076
Accumulated Depreciation at Period End (-)	(2,243)	(1,057)	(822)	(10,434)	(14,556)
<b>Net Book Value 30 June 2025</b>	<b>65,493</b>	<b>9,697</b>	<b>250</b>	<b>6,080</b>	<b>81,520</b>

	Real Estates	Vehicles	Right of Use Assets	Other Tangible Assets	Total
<b>Prior Period</b>					
Cost	76,511	1,628	1,212	14,785	94,136
Accumulated Depreciation(-)	(2,972)	(1,488)	(789)	(7,432)	(12,681)
<b>Net Book Value 31 December 2023</b>	<b>73,539</b>	<b>140</b>	<b>423</b>	<b>7,353</b>	<b>81,455</b>
<b>Current Period</b>					
<b>Net Book Value 31 December 2023</b>	<b>73,539</b>	<b>140</b>	<b>423</b>	<b>7,353</b>	<b>81,455</b>
Additions	-	-	344	589	933
Transfers, cost	-	-	-	-	-
Disposals(-), cost	-	-	-	(8)	(8)
Disposals(+), accumulated depreciation	-	-	-	8	8
Depreciation (-)	(420)	(100)	(220)	(1,158)	(1,898)
Impairment	-	-	-	-	-
<b>Net Book Value 30 June 2024</b>	<b>73,119</b>	<b>40</b>	<b>547</b>	<b>6,784</b>	<b>80,490</b>
Cost at Period End	76,511	1,628	1,556	15,366	95,061
Accumulated Depreciation at Period End (-)	(3,392)	(1,588)	(1,009)	(8,582)	(14,571)
<b>Net Book Value 30 June 2024</b>	<b>73,119</b>	<b>40</b>	<b>547</b>	<b>6,784</b>	<b>80,490</b>

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**I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)**

**13. Information on investment property**

The Bank completed the title deed transfer process on 18 June 2018 and classified the real estate whose usage right has been transferred to the Bank as investment property. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost model in accordance with TAS 40 “Investment Property”.

	<b>Current Period</b>	<b>Prior Period</b>
<b>Beginning balance, Net</b>	<b>208,487</b>	<b>201,660</b>
Additions (+)	-	-
Disposals (-), net	-	-
Reversal of Provision for Impairment	-	-
Depreciation (-)	(824)	(672)
Transfers	-	-
<b>Current period end balance, Net <sup>(1)</sup></b>	<b>207,663</b>	<b>200,988</b>

<sup>(1)</sup>As of 30 June 2025, the fair value of the bank's investment property is TL 1,310,641. The fair value has been determined based on the arithmetic average of the values identified by independent valuation companies.

**14. Information on intangible assets**

	<b>Current Period</b>	<b>Prior Period</b>
<b>Net Book Value at the beginning of the Period</b>	<b>21,294</b>	<b>19,762</b>
Additions	5,400	1,829
Disposals (-), net	(739)	-
Depreciation (-)	(4,022)	(3,436)
<b>Closing Net Book Value</b>	<b>21,933</b>	<b>18,155</b>

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**I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)**

**15. Information on deferred tax asset**

The Bank calculates deferred tax asset or liability on the differences between the applied accounting policies and valuation bases and tax legislation that comes from timing differences and reflects the amount on the financial statements.

As of 30 June 2025, the Bank calculated deferred tax asset amounting TL 474,567 and reflected this amount to the financial statements (31 December 2024 – TL 398,884 deferred tax asset).

In the situation that the difference between the book value and value subject to tax of the assets that are subject to deferred tax is related to equity accounts, deferred tax asset or liability is netted with the relevant accounts in this group.

	Current Period		Prior Period	
	Temporary Differences of Deferred Tax Base	Deferred Tax Amount	Temporary Differences of Deferred Tax Base	Deferred Tax Amount
Provision for employee benefits	7,744	2,323	5,245	1,574
Expected credit losses	38,312	11,493	30,109	9,033
Other provisions	8,248	2,474	200	60
Derivative financial liabilities	147	44	-	-
Other <sup>(*)</sup>	1,646,609	493,983	1,396,810	419,042
<b>Deferred Tax Asset</b>	<b>1,701,060</b>	<b>510,317</b>	<b>1,432,364</b>	<b>429,709</b>
Derivative financial assets	(194)	(58)	-	-
Marketable securities	(83,047)	(24,914)	(69,143)	(20,743)
Other	(35,926)	(10,778)	(33,607)	(10,082)
<b>Deferred Tax Liability</b>	<b>(119,167)</b>	<b>(35,750)</b>	<b>(102,750)</b>	<b>(30,825)</b>
<b>Deferred Tax Asset/ (Liability), net</b>	<b>1,581,893</b>	<b>474,567</b>	<b>1,329,614</b>	<b>398,884</b>

<sup>(\*)</sup> Deferred tax assets arising from the inflation adjustment under the provisions of Article 33 of the Tax Procedure Law have been included.

**16. Information on assets held for resale and discontinued operations**

None (31 December 2024 - None).

**17. Information on other assets**

As of 30 June 2025, other assets amount to TL 230,219 (31 December 2024 - TL 133,876) and do not exceed 10% of total balance sheet except off balance sheet commitments.

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**II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES**

**1. Information on deposits**

The Bank has no deposits due to its nature as an investment bank.

**2. Negative differences related to derivative financial liabilities**

	Current Period		Prior Period	
	LC	FC	LC	FC
Forward transactions	147	-	-	-
Swap transactions	-	-	-	-
Futures transactions	-	-	-	-
Options transactions	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>147</b>	<b>-</b>	<b>-</b>	<b>-</b>

**3. Information on borrowings**

**a. Information on banks and other financial institutions**

	Current Period		Prior Period	
	LC	FC	LC	FC
Borrowings from the CBRT	-	-	-	-
From domestic banks and institutions	1,181,526	536,026	1,186,970	-
From foreign banks, institutions and funds	969,865	4,434,167	728,368	3,562,212
<b>Total</b>	<b>2,151,391</b>	<b>4,970,193</b>	<b>1,915,338</b>	<b>3,562,212</b>

**b. Information on maturity structure of borrowings**

	Current Period		Prior Period	
	LC	FC	LC	FC
Short-term	2,151,391	2,939,946	1,915,338	1,693,384
Medium and long-term	-	2,030,247	-	1,868,828
<b>Total</b>	<b>2,151,391</b>	<b>4,970,193</b>	<b>1,915,338</b>	<b>3,562,212</b>

**c. Additional explanation related to the concentrations of the Bank’s major liabilities on the basis of concentrations, fund providing customers, sector groups and other criteria where risk concentration is observed**

The Bank funds its foreign currency assets mainly with medium and long term funds borrowed, subordinated loans and debt securities issued. The Bank funds its local currency assets mainly with its capital, funds borrowed and debt securities issued. The Bank aims to have consistency on interest and maturities among assets and funding.

**4. Money Market Payables**

As of 30 June 2025, the Bank has money market borrowings amounting to TL 879,591 through repo transactions and TL 249,067 through Takasbank transactions (31 December 2024 – TL 824,988 through repo transactions and TL 594,384 through Takasbank transactions).

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(Continued)**

**II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)**

**5. Securities Issued**

	Current Period		Prior Period	
	LC	FC	LC	FC
Nominal	242,970	993,520	302,878	882,008
Cost	208,098	993,520	247,707	882,008
<b>Book Value</b>	<b>220,949</b>	<b>998,516</b>	<b>261,580</b>	<b>886,722</b>

The Bank has repurchased TL 52,030 (31 December 2024 – TL 122,122) nominal amount of its own debt securities issued.

**6. Information on other liabilities**

As of 30 June 2025, the other liabilities item amounting to TL 456,297, of which TL 153,599 consisted of cash guarantees received and did not exceed 10% of the balance sheet total. As of 31 December 2024, the other liabilities item amounted to TL 1,646,077, which included transfer transactions and miscellaneous payables amounting to TL 1,533,271.

**7. Information on financial lease agreements**

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Up to 1 Year	313	195	306	220
1 – 5 Years	171	172	219	179
Over 5 Years	-	-	-	-
<b>Total</b>	<b>484</b>	<b>367</b>	<b>525</b>	<b>399</b>

**8. Information on hedging derivative financial liabilities**

None (31 December 2024 - None).

**9. Information on provisions**

**a. Information on provisions related with foreign currency difference of foreign indexed loans**

As of 30 June 2025, there is no principal exchange rate decrease provision for foreign currency indexed loans (31 December 2024 - None).

**b. Information on specific provisions for non-cash loans that are non-funded and non-transformed into cash**

As of 30 June 2025, the Bank has no specific provision (31 December 2024 – None) and TL 7,033 (31 December 2024 – TL 6,061) provision for expected credit loss to the financial statements.

Expected Credit Loss for Non-Cash Loans	Current Period	Prior Period
12 Months Expected Credit Loss	6,841	5,873
Significant Increase in Credit Risk	192	188
<b>Total</b>	<b>7,033</b>	<b>6,061</b>

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**II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)**

**9. Information on provisions (Continued)**

**c. Information on other provisions**

**i. Information on provisions for possible risks**

None (31 December 2024 - None).

**ii. Other provisions are explained if they exceed 10% of the total provision balance**

The Bank’s total other provisions, excluding specific provisions for non-compensated and non-cash loans and expected loss provisions for non-cash loans, is TL 22,581 and consists of bonus/premium provision and litigation provision amounting to TL 200 (31 December 2024 – TL 40,000 bonus/premium provision and TL 200 lawsuit provision).

**iii. Obligations related to employee rights**

The provision for severance pay is calculated based on the present value of the potential obligation that the bank will be required to pay upon the employees' retirement, in accordance with Turkish Labor Law.

The movement of employee termination benefits is presented below:

	<b>Current Period</b>	<b>Prior Period</b>
<b>Balance at the Beginning of the Period</b>	<b>1,666</b>	<b>628</b>
Benefits paid within the period	-	-
Change during the period	418	498
<b>Balance at the end of the period</b>	<b>2,084</b>	<b>1,126</b>

As of 30 June 2025, in addition, the Bank have unused vacation provision of TL 5,660 (31 December 2024 - TL 3,579).

**10. Information on taxes payable**

**a. Information on current year tax liability**

**i. Information on tax provision**

As of 30 June 2025, the Bank recognized TL 10,969 as current tax liability (31 December 2024 - TL 31,414).

**ii. Information on taxes payable**

	<b>Current Period</b>	<b>Prior Period</b>
Corporate Tax Payable	10,969	31,414
Taxation on Marketable Securities	703	1,692
Property Tax	5	3
Banking Insurance Transaction Tax	5,520	3,897
Foreign Exchange Transaction Tax	69	60
Value Added Tax Payable	1,283	1,894
Other	5,140	5,014
<b>Total</b>	<b>23,689</b>	<b>43,974</b>

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**II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)**

**10. Information on taxes payable (Continued)**

**a. Information on current year tax liability (Continued)**

**iii. Information on premium payables**

	Current Period	Prior Period
Social Security Premiums – Employee	1,319	992
Social Security Premiums – Employer	2,224	1,599
Bank Social Aid Pension Fund Premium- Employee	-	-
Bank Social Aid Pension Fund Premium – Employer	-	-
Pension Fund Membership Fees and Provisions - Employee	-	-
Pension Fund Membership Fees and Provisions - Employer	-	-
Unemployment Insurance – Employee	72	55
Unemployment Insurance – Employer	144	110
Other	-	-
<b>Total</b>	<b>3,759</b>	<b>2,756</b>

**11. Information on deferred tax liability**

Explanations on the taxation of the Bank are presented in Section Five in related explanations and notes.

**12. Information on liabilities for assets held for sale and assets of discontinued operations**

None (31 December 2024 - None).

**13. Information on subordinated loan**

	Current Period		Prior Period	
	LC	FC	LC	FC
<b>To be included in the calculation of additional capital borrowing instruments</b>	-	-	-	-
Subordinated loans	-	-	-	-
Subordinated debt instruments	-	-	-	-
<b>Debt instruments to be included in contribution capital calculation</b>	-	<b>993,677</b>	-	<b>882,285</b>
Subordinated loans <sup>(1)</sup>	-	993,677	-	882,285
Subordinated debt instruments	-	-	-	-
<b>Total</b>	-	<b>993,677</b>	-	<b>882,285</b>

<sup>(1)</sup> Detailed explanations on subordinated loans are given in the section four “Information on instruments to be included in the equity calculation”.

**14. Information on shareholders’ equity**

**a. Presentation of paid-in capital**

	Current Period	Prior Period
Common Stock	500,000	500,000
Preferred Stock	-	-

**b. Paid-in capital amount, explanation as to whether the registered share capital system is applied and if so, amount of registered share capital ceiling**

The Bank does not apply the registered share capital system.

**c. Information on share capital increases and their sources; other relevant information on increased share capital in current period**

None.

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**II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)**

**14. Information on shareholders’ equity (Continued)**

**d. Explanation on the transfers from capital reserve to paid-in capital in the current period**

None.

**e. Information on capital commitments, the general purpose and the estimated sources for these commitments until the end of the fiscal year and the subsequent periods**

None (31 December 2024 - None).

**f. Information on the Bank’s income, profitability, prior period indicators on liquidity and uncertainty on these indicators and their potential effects on the Bank’s capital**

The Bank considers there is no uncertainty regarding the prior period income, profitability and liquidity indicators, therefore the Bank does not foresee an effect on capital.

**g. Summary information about privileged shares representing the capital**

None (31 December 2024 - None).

**h. Information on marketable securities value increase fund**

	Current Period		Prior Period	
	LC	FC	LC	FC
From investment and associates, subsidiaries and joint ventures (business partners)	-	-	-	-
Revaluation difference	(1,511)	1,943	(20,552)	1,528
Foreign exchange difference	-	-	-	-
<b>Total</b>	<b>(1,511)</b>	<b>1,943</b>	<b>(20,552)</b>	<b>1,528</b>

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**III. EXPLANATIONS AND NOTES RELATED TO OFF-BALANCE SHEET ACCOUNTS**

**1. Information on off-balance sheet commitments**

**a. The amount and type of irrevocable commitments**

	<b>Current Period</b>	<b>Prior Period</b>
Forward asset purchase and sale commitments	250,672	-
Forward deposit purchase and sale commitments	-	-
Tax and fond liabilities from export commitment	-	-
Other irrevocable commitments	4,335	4,408
<b>Total</b>	<b>255,007</b>	<b>4,408</b>

**b. Type and amount of probable losses and obligations arising from off-balance sheet items**

The Bank, within the context of banking activities, undertakes certain commitments, consisting of letters of guarantee, acceptance credits, letters of credit and other guarantees.

As of 30 June 2025, the Bank has no specific provision (31 December 2024 – None) and TL 7,033 (31 December 2024 – TL 6,061) provision for expected credit loss to the financial statements.

**i. Non-cash loans including guarantees, bank acceptances, collaterals and others that are accepted as financial commitments and other letter of credits**

	<b>Current Period</b>	<b>Prior Period</b>
Letters of guarantee	1,084,109	1,150,629
Letters of credit	15,504	21,906
Bank acceptances	-	-
Other guarantees	124,883	146,489
<b>Total</b>	<b>1,224,496</b>	<b>1,319,024</b>

**ii. Revocable, irrevocable guarantees and other similar commitments and contingencies**

	<b>Current Period</b>	<b>Prior Period</b>
Final letters of guarantee	159,249	276,882
Provisional letters of guarantee	-	529
Letters of guarantee for advances	-	-
Letters of guarantee given to customs offices	392,710	405,568
Letter of guarantees given against cash loans	532,150	467,650
Other letter of guarantees	-	-
<b>Total</b>	<b>1,084,109</b>	<b>1,150,629</b>

**c. Total amount of non-cash loans**

	<b>Current Period</b>	<b>Prior Period</b>
Non-cash Loans Given against Cash Loans	657,033	614,139
With Original Maturity of 1 Year or Less Than 1 Year	147,500	105,000
With Original Maturity of More Than 1 Year	509,533	509,139
Other Non-cash Loans	567,463	704,885
<b>Total</b>	<b>1,224,496</b>	<b>1,319,024</b>

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**III. EXPLANATIONS AND NOTES RELATED TO OFF-BALANCE SHEET ACCOUNTS (Continued)**

**1. Information on off-balance sheet commitments (Continued)**

**d. Information on the non-cash loans classified in Group I and Group II:**

Current Period	I. Group		II. Group	
	LC	FC	LC	FC
<b>Non-Cash Loans</b>	<b>643,105</b>	<b>579,574</b>	<b>1,817</b>	-
Letters of Guarantee	640,605	441,687	1,817	-
Bank Acceptances	-	-	-	-
Letters of Credit	-	15,504	-	-
Endorsements	-	-	-	-
Security Issuance Purchasing Guarantees	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Commitments and Contingencies	2,500	122,383	-	-

Prior Period	I. Group		II. Group	
	LC	FC	LC	FC
<b>Non-Cash Loans</b>	<b>701,631</b>	<b>615,576</b>	<b>1,817</b>	-
Letters of Guarantee	699,131	449,681	1,817	-
Bank Acceptances	-	-	-	-
Letters of Credit	-	21,906	-	-
Endorsements	-	-	-	-
Security Issuance Purchasing Guarantees	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Commitments and Contingencies	2,500	143,989	-	-

**e. Information on sectoral risk concentrations of non-cash loans:**

	Current Period				Prior Period			
	LC	(%)	FC	(%)	LC	(%)	FC	(%)
<b>Agricultural</b>	-	-	-	-	-	-	-	-
Farming and Stockbreeding	-	-	-	-	-	-	-	-
Forestry	-	-	-	-	-	-	-	-
Fishing	-	-	-	-	-	-	-	-
<b>Manufacturing</b>	<b>1,959</b>	<b>0.30</b>	<b>93,215</b>	<b>16.08</b>	<b>2,467</b>	<b>0.35</b>	<b>73,472</b>	<b>11.93</b>
Mining	-	-	93,215	16.08	-	-	73,472	11.93
Production	1,817	0.28	-	-	1,817	0.26	-	-
Electric, Gas and Water	142	0.02	-	-	650	0.09	-	-
<b>Construction</b>	<b>14,190</b>	<b>2.20</b>	-	-	<b>13,644</b>	<b>1.94</b>	-	-
<b>Services</b>	<b>628,773</b>	<b>97.50</b>	<b>486,359</b>	<b>83.92</b>	<b>687,337</b>	<b>97.71</b>	<b>542,104</b>	<b>88.07</b>
Wholesale and Retail Trade	55,000	8.53	104,265	17.99	80,731	11.48	137,043	22.26
Hotel, Food and Beverage Services	250	0.04	-	-	100,250	14.25	-	-
Transportation and Telecommunication	4,000	0.62	93,215	16.08	4,000	0.57	73,472	11.94
Financial Institutions	569,523	88.31	264,913	45.71	502,356	71.41	312,699	50.80
Real Estate and Leasing Services	-	-	23,966	4.14	-	-	18,890	3.07
Self-Employment Services	-	-	-	-	-	-	-	-
Education Services	-	-	-	-	-	-	-	-
Health and Social Services	-	-	-	-	-	-	-	-
<b>Other</b>	-	-	-	-	-	-	-	-
<b>Total</b>	<b>644,922</b>	<b>100.00</b>	<b>579,574</b>	<b>100.00</b>	<b>703,448</b>	<b>100.00</b>	<b>615,576</b>	<b>100.00</b>

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**III. EXPLANATIONS AND NOTES RELATED TO OFF-BALANCE SHEET ACCOUNTS (Continued)**

**2. Information on derivative transactions**

None (31 December 2024 - None).

**3. Information on credit derivatives and related imposed risks**

None (31 December 2024 - None).

**4. Information on Contingent Assets and Liabilities**

As of 30 June 2025, amount of lawsuits filed against the Bank was TL 200. As of 30 June 2025, provision for litigation amounting to TL 200 (31 December 2024 - TL 200) has been set aside for the lawsuits in accordance with the precautionary principle; these provisions are classified under Other provisions in the balance sheet. The probability of unfavorable outcome of other ongoing lawsuits, except for those for which a provision has been made, does not seem to be high and no cash outflow is foreseen for these lawsuits.

**5. Information on services in the name of others’ names and accounts**

The Bank, has been authorized to provide limited custody services. The investment securities held in custody is recorded on off-balance sheet.

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**IV. EXPLANATIONS AND NOTES RELATED TO INCOME STATEMENT**

**1. Information on interest income**

**a. Information on interest income on loans <sup>(1)</sup>**

	Current Period		Prior Period	
	LC	FC	LC	FC
Short-term Loans	476,859	43,017	268,592	64,924
Medium/Long-term Loans	158,470	82,262	75,678	82,774
Interest on Loans Under Follow-up	708	-	734	-
Premiums Received from Resource Utilization Support Fund	-	-	-	-
<b>Total</b>	<b>636,037</b>	<b>125,279</b>	<b>345,004</b>	<b>147,698</b>

<sup>(1)</sup> Commission income from cash loans are also included.

**b. Information on interest income on banks**

	Current Period		Prior Period	
	LC	FC	LC	FC
From the CBRT <sup>(1)</sup>	-	10,078	-	18,844
From Domestic Banks	10,340	11,774	5,521	6,616
From Foreign Banks	-	3,810	-	338
Branches and Offices Abroad	-	-	-	-
<b>Total</b>	<b>10,340</b>	<b>25,662</b>	<b>5,521</b>	<b>25,798</b>

<sup>(1)</sup> The interest income from required reserves are also included.

**c. Information on interest income on marketable securities**

	Current Period		Prior Period	
	LC	FC	LC	FC
Financial assets at fair value through profit or loss	-	2	-	-
Financial assets at fair value through other comprehensive income	28,972	759	28,042	643
Financial assets measured at amortized cost	61,856	56,993	-	43,990
<b>Total</b>	<b>90,828</b>	<b>57,754</b>	<b>28,042</b>	<b>44,633</b>

**d. Information on interest income received from investments in associates and subsidiaries**

None (30 June 2024 - None).

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**EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS  
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**IV. EXPLANATIONS AND NOTES RELATED TO INCOME STATEMENT**

**2. Information on interest expense**

**a. Information on interest expense<sup>(1)</sup>**

	Current Period		Prior Period	
	LC	FC	LC	FC
<b>Banks</b>	<b>343,051</b>	<b>117,328</b>	<b>153,390</b>	<b>107,513</b>
The Central Bank of Türkiye	-	-	-	-
Domestic Banks	121,864	645	81,145	1,439
Foreign Banks	221,187	116,683	72,245	106,074
Branches and offices abroad	-	-	-	-
<b>Other Institutions<sup>(2)</sup></b>	<b>-</b>	<b>27,642</b>	<b>-</b>	<b>23,271</b>
<b>Total</b>	<b>343,051</b>	<b>144,970</b>	<b>153,390</b>	<b>130,784</b>

<sup>(1)</sup> Fee and commission expenses for borrowings are also included.

<sup>(2)</sup> Interest expenses for subordinated loan are also included.

**b. Information on interest expense given to investments in associates and subsidiaries**

None (30 June 2024 - None).

**c. Interest expense on issued marketable securities**

	Current Period		Prior Period	
	LC	FC	LC	FC
Interest expense on securities issued	67,342	29,499	51,473	26,431

**d. Maturity structure of the interest expense on deposits**

The Bank has no deposits due to its nature as an investment bank.

**3. Information on dividend income**

For the period ended 30 June 2025, there is a dividend income of TL 1,029 (30 June 2024 – None).

**4. Information on trading income/loss (Net)**

	Current Period	Prior Period
<b>Income</b>	<b>3,881,346</b>	<b>1,245,494</b>
Profit on trading account securities	27,323	4,608
Profit on derivative financial transactions	166	9,335
Foreign exchange gains	3,853,857	1,231,551
<b>Loss (-)</b>	<b>(3,795,246)</b>	<b>(1,148,770)</b>
Losses on trading account securities	(75)	(14,970)
Losses on derivative financial transactions	(201)	(6,175)
Foreign exchange losses	(3,794,970)	(1,127,625)
<b>Net Trading Income/Loss</b>	<b>86,100</b>	<b>96,724</b>

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**IV. EXPLANATIONS AND NOTES RELATED TO INCOME STATEMENT (Continued)**

**5. Information on other operating income**

For the period ended 30 June 2025, other operating income is TL 52,387 (30 June 2024: TL 35,327). Other operating income includes TL 34,798 reversal of prior year specific and expected loss provision and there is no income regarding extraordinary accounts (30 June 2024 – TL 25,750 special provision and expected loss provision reversal).

**6. Provision expenses related to loans and other receivables**

	Current Period	Prior Period
<b>Expected Credit Loss<sup>(1)</sup></b>	<b>38,021</b>	<b>46,225</b>
12 Month Expected Credit Loss (Stage 1)	34,268	20,130
Significant increase in credit risk (Stage 2)	1,013	-
Non-Performing Loans (Stage 3)	2,740	26,095
<b>Marketable Securities Impairment Provision</b>	-	-
Financial Assets at Fair Value Through Profit or Loss	-	-
Financial Assets At Fair Value Through Other Comprehensive Income	-	-
<b>Investments in Associates, Subsidiaries and Held-to-Maturity Securities Value Decrease</b>	-	-
Investments in Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
<b>Other</b>	-	-
<b>Total<sup>(2)</sup></b>	<b>38,021</b>	<b>46,225</b>

<sup>(1)</sup> Includes expected credit losses for the non-cash loans.

<sup>(2)</sup> While considering the provision reversals included in other operating income, net provision expense is TL 3,223 (30 June 2024 – TL 20,475 net provision expense).

**7. Information related to other operating expenses:**

	Current Period	Prior Period
Reserve for employee termination benefits <sup>(1)</sup>	2,840	1,314
Bank social aid fund deficit provision	-	-
Fixed assets impairment expense	-	-
Depreciation expenses of fixed assets	2,674	2,570
Intangible assets impairment expense	-	-
Goodwill impairment expense	-	-
Amortization expenses of intangible assets	4,022	3,436
Shares (capital method applied) impairment expense	-	-
Impairment expense for investment securities that will be disposed	-	-
Amortization expenses of investment securities that will be disposed	-	-
Impairment expenses for property and equipment held for sale purpose and terminated operations	-	-
<b>Other operating expenses</b>	<b>51,493</b>	<b>35,216</b>
Leasing expenses related to TFRS 16 exemptions	1,496	911
Maintenance expenses	10,647	6,711
Advertisement expenses	6,637	2,378
Other expenses <sup>(2)</sup>	32,713	25,216
Loss on sales of assets	-	-
<b>Other<sup>(3)</sup></b>	<b>22,384</b>	<b>14,925</b>
<b>Total</b>	<b>83,413</b>	<b>57,461</b>

<sup>(1)</sup> Provision expenses for unused vacation provision and employee termination benefits are presented in personnel expenses at profit and loss statement.

<sup>(2)</sup> Includes membership expenses, IT security support expenses and insurance expenses.

<sup>(3)</sup> Includes operating fees, audit and consultancy expenses.

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**IV. EXPLANATIONS AND NOTES RELATED TO INCOME STATEMENT (Continued)**

**8. Information on income/(loss) before tax from continuing or discontinued operations**

Profit before tax consists of net interest income/expense amounting to TL 339,483 net commission fee income amounting to TL 27,703, dividend income amounting to TL 1,029, trading gain/loss amounting to TL 86,100, other operating income amounting to TL 52,387, provision for loan losses and other provision expenses amounting to TL 38,021, and other operating expenses including personnel expenses amounting to TL 226,342.

**9. Information on provision for taxes from continuing or discontinued operations**

For the period ended 30 June 2025 the Bank has current tax expense TL 46,461 (30 June 2024 - TL 74,888) and the Bank has deferred tax expense amounting to TL 16,880 and deferred tax income amounting to TL 97,618 (30 June 2024 - TL 8,522 deferred tax expense and TL 97,745 deferred tax income).

As of 30 June 2025, the Bank doesn't have any discontinued operations.

**10. Information on net income/(loss) from continuing or discontinued operations**

The Bank doesn't have discontinued operations. The Bank's net profit from continuing operations amounting to TL 276,616 (30 June 2024 - TL 255,331 profit).

**11. Information on net income/(loss) for the period**

**a. If the disclosure of ordinary banking transactions and the composition of income and expense items is necessary to understand the annual performance of Bank, the composition and amount of these items**

None (30 June 2024 - None).

**b. If an accounting estimate change significantly affects the profit/loss in the current period or has a probability to significantly affect the profit/loss in the subsequent periods, the overall effect is disclosed**

There is no significant change in accounting estimates which would affect the current or the subsequent periods.

**12. Disclosure of 20% of sub-accounts in the case of other line items exceed 10% of the income statement total**

	Current Period	Prior Period
Other	100	132
<b>Other Interest Income</b>	<b>100</b>	<b>132</b>
Interest on funds borrowed / funds and cash collateral	(17,997)	(19,953)
Other	-	-
<b>Other Interest Expenses</b>	<b>(17,997)</b>	<b>(19,953)</b>
Money transfer commissions	21,104	44,828
From asset backed securities funds	5,419	1,328
From cheques, notes operations	763	288
Other	3,251	2,069
<b>Other Commission Income</b>	<b>30,537</b>	<b>48,513</b>
Given to correspondent banks	(2,637)	(2,305)
Asset backed securities funds services	-	-
Other	(2,398)	(1,605)
<b>Other Commission Expenses</b>	<b>(5,035)</b>	<b>(3,910)</b>

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**EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS**

**(Continued)**

**V. EXPLANATIONS AND NOTES RELATED TO STATEMENT OF CHANGES IN THE SHAREHOLDERS’ EQUITY**

**1. Information on financial assets at fair value through other comprehensive income**

“Unrealized gains and losses” arising from changes in the fair value of securities classified as financial assets at fair value through other comprehensive income are not recognized in current year income statements; they are recognized in the “Marketable securities value increase fund” account under equity, until the financial assets are sold, disposed or impaired.

As of 30 June 2025, the Bank has booked TL 432 increase (30 June 2024 – TL 19,024 decrease) for marketable securities valuation difference related to financial assets at fair value through other comprehensive income.

**2. Amounts transferred to legal reserves**

In the ordinary general assembly meeting held on 14 March 2025, it was decided that the distributable net profit of TL 439,729, TL 36,500 would be distributed to the shareholders as cash dividends, in proportion to their shareholding, TL 403,229 would not be distributed as dividends but instead transferred to the Extraordinary Reserves account.

**3. Information on distribution of profit**

In accordance with the decision made at the ordinary general assembly meeting held on 14 March 2025, TL 36,500 of the net period profit was distributed to the shareholders as cash dividends.

**4. Information on capital increase**

None.

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**EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS  
(Continued)**

**VI. EXPLANATIONS AND NOTES RELATED TO STATEMENT OF CASH FLOWS**

**1. Information on cash and cash equivalents**

**Components of cash and cash equivalents and the accounting policy applied in their determination**

The effect of any change in the accounting policy of current period and the balance sheet recorded amounts of the components that make up cash and cash equivalents (excluding rediscount balances, reserve requirements, placements with maturity longer than 3 months and blocked accounts) are considered as cash and cash equivalents.

**a. Cash and cash equivalents at the beginning of the period**

	<b>Current Period</b>	<b>Prior Period</b>
<b>Cash</b>	<b>1,657,397</b>	<b>1,513,236</b>
Cash and Foreign Currency Cash	73	97
Turkish Central Bank	1,657,324	1,513,139
Other	-	-
<b>Cash Equivalents</b>	<b>961,839</b>	<b>757,375</b>
Banks	571,328	566,545
Money Market Placements	390,511	190,830
<b>Total Cash and Cash Equivalents</b>	<b>2,619,236</b>	<b>2,270,611</b>
Blocked amounts on cash and cash equivalents	(73,089)	(131,613)
Interest income rediscounts on cash and cash equivalents	(2,115)	(1,524)
Cash equivalents with a maturity longer than three months	-	-
Restricted reserve deposits	(883,081)	(929,863)
<b>Cash Flow Statements Cash and Cash Equivalents</b>	<b>1,660,951</b>	<b>1,207,611</b>

**2. Explanation about other cash flows items and the effect of changes in foreign exchange rates on cash and cash equivalents**

The amount of TL 76,871 (30 June 2024 – TL 57,654) presented under the “Other” item within “Cash Flows from Banking Operations” primarily comprises other operating expenses, excluding fees and commissions paid as well as personnel expenses.

The amount of TL (4,973) (30 June 2024 – TL 1,917) presented under “Net increase/decrease in other assets” within “Changes in operating assets and liabilities” represents changes in other assets.

The amount of TL (1,432,997) (30 June 2024 – TL 24,757) presented under “Net increase/decrease in other liabilities” within “Changes in operating assets and liabilities” comprises changes in money market payables, funds, miscellaneous payables, and other liabilities.

As of 30 June 2025, the effect of changes in foreign exchange rates on cash and cash equivalents has been calculated as an increase of approximately TL 230,257 (30 June 2024 – TL 85,648 increase).

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**EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS  
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**VII. EXPLANATIONS AND NOTES RELATED TO THE BANK’S RISK GROUP**

**1. The volume of transactions relating to the Bank’s risk group, outstanding loan and deposit transactions and profit and loss of the period:**

**a. Information on loans of the Bank’s risk group:**

Current Period	Investments in Associates, subsidiaries, and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans						
Beginning of the Period	-	-	-	145,202	2,230	5,722
End of the Period	-	-	-	114,251	2,077	-
Interest and Commission Income Received	-	-	-	430	244	-

Prior Period	Investments in Associates, subsidiaries, and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans						
Beginning of the Period	-	-	-	76,476	451,063	81,429
End of the Period	-	-	-	145,202	2,230	5,722
Interest and Commission Income Received	-	-	-	1,011	274	33

The Bank does not have any cash loans granted with the counter-guarantee of its main shareholder (31 December 2024 – None).

**b. Information on deposits of the Bank’s risk group:**

The Bank doesn’t have any deposits since it is an investment bank.

**c. Information on forward and option agreements and other similar agreements made with the Bank’s risk group**

Bank’s Risk Group	Investments in Associates, subsidiaries, and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Financial Assets where Fair Value Through Profit or Loss						
Beginning of the Period	-	-	-	-	-	-
End of the Period	-	-	-	-	119,026	-
Total Income/Loss	-	-	-	-	(145)	-
Transactions for Hedging Purposes						
Beginning of the Period	-	-	-	-	-	-
End of the Period	-	-	-	-	-	-
Total Income/Loss	-	-	-	-	-	-

**d. Information on key management compensation**

For the period ended 30 June 2025, total benefits paid key management amounts to TL 24,830 (30 June 2024 - TL 33,779).

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**VII. EXPLANATIONS AND NOTES RELATED TO THE BANK’S RISK GROUP (Continued)**

**2. Disclosures of transactions with the Bank’s risk group**

**a. Relations with entities in the risk group of / or controlled by the Parent Bank regardless of the nature of relationship among the parties:**

Transactions with the risk group are made on an arms-length basis; terms are set according to the market conditions and in compliance with the Banking Law.

**b. In addition to the structure of the relationship, type of transaction, amount, and share in total transaction volume, amount of significant items, and share in all items, pricing policy and other matters:**

	Current Period			Prior period		
	Risk Group	Total	% Share	Risk Group	Total	% Share
Banks	1,200	571,328	0.2	1,085	1,409,213	0.1
Cash loans and receivables from leasing transactions	2,077	7,560,045	0.0	2,230	7,028,384	0.0
Marketable securities	53,634	2,186,174	2.5	56,375	1,893,674	3.0
Funds borrowed	1,025,630	7,121,584	14.4	689,640	5,477,550	12.6
Money market payables	88,940	1,128,658	7.9	247,180	1,419,372	17.4
Securities issued	797,614	1,219,465	65.4	814,720	1,148,302	70.9
Funds / Other liabilities	273,240	771,691	35.4	1,346,379	2,111,891	63.8
Subordinated loans	993,677	993,677	100.0	882,285	882,285	100.0
Non-Cash loans	114,251	1,224,496	9.3	150,924	1,319,024	11.4
Derivative financial instruments <sup>(1)</sup>	119,026	250,672	47.5	-	-	-

<sup>(1)</sup> Includes asset purchase and sale commitments and represent the total buy and sale transactions amounts.

**c. Explanations on purchase and sale of real estate and other assets, sales and purchases of services, agent contracts, financial lease agreements, transfer of data obtained from research and development, licensing agreements, financing (including loans and cash and in-kind capital support), guarantees and promissory notes, and management contracts:**

The Bank's other income includes rental income amounting to TL 5,124 (30 June 2024 - TL 3,053) due to the investment property that the Bank has leased to its risk group and the Bank's operating expense includes TL 4,712 (30 June 2024 - TL 3,381) of other expenses regarding the building management expenses of the risk group.

**VIII. EXPLANATIONS AND NOTES RELATED TO THE DOMESTIC, FOREIGN, OFF-SHORE BRANCHES AND FOREIGN REPRESENTATIVES OF THE BANK**

	Number	Number of employees			
Domestic Branch	1	67			
			<b>Country of incorporation</b>		
Foreign representation	-	-	-		
				<b>Total assets</b>	<b>Statutory share capital</b>
Foreign branch	-	-	-	-	-
Off-share banking region branches	-	-	-	-	-

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**SECTION SIX**

**OTHER EXPLANATIONS AND NOTES**

**I. OTHER EXPLANATIONS RELATED TO OPERATIONS OF THE BANK**

**a. Explanations on ratings of the Bank**

<b>JCR Eurasia Rating</b>	<b>September 2024</b>
National Long Term (tur)	A+ Outlook:Stable
International Long Term Foreign Currency	BB Outlook: Stable

**b. Explanations on ratings of the Bank’s compliance score of Corporate Governance Principles**

SAHA Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş., assigned PASHA Bank an overall compliance score of 9.41 with CMB Corporate Governance Principles on 28 August 2024.

**II. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS**

The Bank issued bonds amounted TL 200,000 with a maturity of 187 days on 11 July 2025.

**SECTION SEVEN**

**EXPLANATIONS ON INDEPENDENT AUDITOR’S INTERIM REPORT**

**I. EXPLANATIONS ON INDEPENDENT AUDITORS’ INTERIM REPORT**

The unconsolidated financial statements for the period ended 30 June 2025 have been reviewed by KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ. The independent auditor’s review report dated 8 August 2025 is presented preceding the unconsolidated financial statements.

**II. EXPLANATIONS AND NOTES PREPARED BY INDEPENDENT AUDITOR**

None.

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**SECTION EIGHT**

**INFORMATION ON INTERIM ACTIVITY REPORT**

(The amounts in this section are expressed in full TL.)

**Chairman’s Message**

Esteemed Stakeholders,

Global economic conditions have worsened due to high tariffs imposed by major economies, and uncertainty has increased globally. The prolongation of the Russia-Ukraine war and the heightened tensions in the Middle East continue to complicate the situation in our region, increasing the risk of a larger war. The ongoing wars have the potential to spread to other countries, further complicating conditions in the region. These factors create a challenging geopolitical environment for Turkey and create obstacles to international trade and economic growth. Furthermore, these conditions could further increase the downward pressure on exchange rates and high inflation.

Despite these challenges, recent macroeconomic data demonstrate that Türkiye is managing the economic consequences of shocks stemming from external conditions. The government's diplomatic efforts and adjustments to banking regulations have helped maintain macrofinancial stability. With domestic demand continuing to normalize after periods of excessive growth, the Turkish economy grew by 2.0% in the first quarter of 2025. While industrial productivity was the main driver of the slowdown in growth, construction activity remained strong. In this context, it is worth noting that the government's recent policy measures, including the return to traditional economic policies, the Central Bank's interest rate hikes, and the simplification of the micro- and macro-prudential framework, have been quite sufficient to ultimately curb inflation and reduce exchange rate volatility and depreciation. Following these positive developments, credit rating agencies have upgraded Türkiye's credit rating, contributing to the country's investment outlook.

Following the aforementioned economic environment, risks across the banking system have remained at acceptable levels and profitability has remained in the double-digit range. According to the latest data, the system's total assets have increased by 41% in the last 12 months compared to May 2024, exceeding 38 trillion TL. A similar trend applies to the loan portfolio. The sector's total loans increased by 40%, reaching 18,944 billion TL.

It is a tradition, therefore, we are proud to say that PASHA Bank as a dynamic market player keeps going on its healthy expansion. In general, continuous investment onto strengthening of internal capabilities, starting from building core competencies for managing business to increasing human capital potential of the Bank, has already demonstrated its strategic return in the form of capable navigation through the stressful times. As a result, total assets of the Bank increased by 3% to reach TL 13,328 million at the end of June 2025. Our gross cash loan and leasing receivables portfolio, comprising 57% of total assets, reached TL 7,560 million with a 8% increase.

Due to effective risk management framework, and prudent credit policy pursued by the Bank we have been successful in preserving low level of NPL in our balance sheet. It is worth to underline that flexible revisiting of credit policy, adjusting tactics of credit and underwriting policy to the current realities of macroeconomic environment etc. are forming substance of the overall risk approach of the Bank. Moreover, it is worth to underline that quick revisit of the loan portfolio due to the ongoing war, and run of the relevant stress-testing process have also expanded the ability of the bank managing credit risks in a proper way. Regarding the latter, it has become more crucial how the Bank formulates its baseline scenario, and also how risk triggers are embedded into stress scenario framework, which ultimately end up with proper scenario formulation, advanced measurement and preparation of mitigation plan.

We entered to the second business year of the 2024-2026 strategic period. In general, the 2024-2026 strategy rises on the foundation of values like integrity, quality, collaboration, entrepreneurship and profitability, builds up with the vision to create new and enduring values in the business world and society, focuses as the mission to become a cross-border bank empowering its customers. It is worth to mention that strategically it has become very important to leverage on synergy opportunities in the Group, since it is quite big and operations are going beyond countries and sectors, which in the end provides potential business opportunities.

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**Message from the Chairman (continued)**

The new strategic period is essentially characterized by strengthening the activities of existing business lines while also fully focusing on new initiatives. The focus on new initiatives is, in fact, on the growth of potential niche markets. Examples include financing investments in the real estate market in the countries where it operates through mortgage lending, and investing in venture capital to achieve greater technological returns across all the Group's activities. Regarding the real estate initiative, the Bank launched its mortgage product across the Group in the first quarter of 2022. Considering the positive response, the team is working with relevant stakeholders to expand its application in the coming period. In addition to the diversification of the bank's financing side, the strategic document also outlined the bank's key commercial enablers, which are the bank's key assets in implementing the strategy. As in previous strategic periods, it is our privilege to note that appropriate strategy formulation forms the backbone of higher financial performance. Both profitability indicators and expense ratios followed a positive trend, providing higher profitability for shareholders and stability for other stakeholders.

As we implement the strategy, we will continue to make significant investments in the areas of information technology, risk management, credit management, resource creation, talent acquisition, and the development of our employees, which are of paramount importance. Overall, agility and knowledge of focus sectors are expected to be the Bank's key capabilities. It's worth noting that the Bank's operational agility is reflected even in core operations. Of course, we fully recognize that agility may require us to invest in operational systems that ultimately ensure system availability while also accelerating the transformation towards digitalization. Therefore, the Bank has several strategic projects in this regard. These include infrastructure improvements for digitalization and new platforms, as well as enhanced information security for digitalization.

We will continue our efforts to diversify our bank's financing structure and expand our correspondent network and investor base. In this context, it is important to emphasize the Bank's competitive advantage, which transcends national borders and is driven by the Group's strong presence in the region. It is truly a privilege for us to witness the expansion of business opportunities following the strengthening of regional economic relations following Azerbaijan's great victory. The signing of a free trade agreement between Azerbaijan and Turkey, the announcement of a foreign trade target until 2025, the increase in foreign direct investment flows, the active participation of Turkish companies in the reconstruction of liberated regions, etc., are examples of the economic relationships mentioned above. This expanding economic base presents a suitable opportunity for the Bank to realize promising business perspectives in this context.

In addition, if the Bank observes positive interest rate developments in Azerbaijan and Georgia, it has the opportunity to attract resources from these countries, and this potential could be realized during the current strategic period. We will maintain our prudent approach to managing credit risks to ensure that the Bank's asset quality is not affected by the current environment of increasing market volatility. We will continue our efforts to offer products and services tailored to our customers' needs to transform the banking experience with PASHA Bank into a profitable one.

I look forward to sharing a prosperous working environment with all stakeholders that benefits all parties and fosters mutually beneficial business relationships.

I would like to take this opportunity to thank our valued employees and management team for their dedicated professional work, our customers for their trust in PASHA Bank, and our shareholders and all our business partners for their invaluable support.

Their goodwill undoubtedly renews our self-belief and our potential to achieve even more.

Sincerely yours,

**Jalal GASIMOV**

**Chairman of the Board of Directors**

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED FINANCIAL STATEMENTS  
ORIGINALLY ISSUED IN TURKISH

**PASHA YATIRIM BANK A.Ş.**

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**

**AS OF 30 JUNE 2025**

(Amounts are expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

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(The amounts in this section are expressed in full TL.)

**Message by the General Manager**

Esteemed stakeholders,

In the second quarter of the year, the Central Bank of the Republic of Turkey raised its policy rate to 46.00% to maintain price stability amid increasing political and geopolitical risks, while inflation fell to 35.05% on an annual basis. Markets were closely monitoring the missile war between Israel and Iran, US President Trump's tariff measures, and speculation about the Fed chair's dismissal. The prevailing view is that the US Federal Reserve will cut interest rates by a maximum of two times by the end of the year, while the European Central Bank (ECB) is expected to cut at least two more by the end of the year. The Turkish Lira is relatively stable against the dollar, and with inflation trending downward, the CBRT's interest rate cuts will be closely monitored in the second half of the year.

As PASHA Bank, we generated a profit of TL 277 million as of the second quarter of 2025. Our assets stood at TL 13,328 million. Our gross total cash and non-cash loans, including leasing receivables, amounted to TL 8,644 million, with TL 7,560 million of this amount consisting of cash loans and leasing receivables.

As PASHA Investment Bank, we expect the Turkish economy to grow in the 3.00%-3.50% range this year. We anticipate inflation to enter a downward trend and finish the year in the 28%-30% range. I hope the coming period will be positive for the Turkish economy and our banking sector.

Sincerely Yours,

**H. Cenk EYNEHAN**  
**CEO and Board Member**

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**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**

**AS OF 30 JUNE 2025**

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**A. INTRODUCTION**

**1. Amendments made in Articles of Incorporation within the period**

None.

**2. Significant Events and Transactions within the Period**

There is no significant change related to information except for the disclosures including numeric information in financial statements included in interim activity report prepared in accordance with Regulation on Procedures and Principals related to Preparation and Publication of Activity Report.

**B. UNCONSOLIDATED FINANCIAL INFORMATION**

	30 June 2025	31 December 2024
Cash and cash equivalents	2,615,786	3,204,327
Financial assets at fair value through profit or loss	146,902	96,091
Financial assets at fair value through other comprehensive income	145,889	250,554
Derivative financial assets	194	-
Loans	6,055,114	5,807,355
Receivables from leasing transactions	1,504,931	1,221,029
Financial assets measured at amortized cost	1,893,383	1,547,029
Allowance for expected credit losses (-)	(50,367)	(48,271)
Tangible assets (Net)	81,520	72,654
Intangible assets and goodwill (Net)	21,933	21,294
Investment properties (Net)	207,663	208,487
Current tax assets	46	-
Deferred tax assets	474,567	398,884
Other assets	230,219	133,876
<b>TOTAL ASSETS</b>	<b>13,327,780</b>	<b>12,913,309</b>

	30 June 2025	31 December 2024
Loans received	7,121,584	5,477,550
Money market fundings	1,128,658	1,419,372
Marketable securities issued (Net)	1,219,465	1,148,302
Funds	315,394	465,814
Derivative financial liabilities	147	-
Lease payables (Net)	367	399
Provisions	37,558	51,506
Current tax liabilities	27,448	46,730
Other liabilities	456,297	1,646,077
Subordinated Loans	993,677	882,285
Shareholders' equity	2,027,185	1,775,274
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>13,327,780</b>	<b>12,913,309</b>

The Bank has completed first six months of 2025 with a profit figure of TL 276,616 according to unconsolidated results. Total unconsolidated assets of the Bank are TL 13,327,780 with an 3% increase compared to 2024 year-end.

The gross loan and lease receivables are TL 7,560,045 increasing at a ratio of 8% compared to year end of 2024 and the share of loans and leasing receivables in total assets is 57%.

The unconsolidated capital adequacy ratio of the Bank is 25.31% as of 30 June 2025.

The bank has a strong financial structure thanks to its strong capital and asset quality.

**C. EXPECTATIONS OF PASHA BANK REGARDING YEAR OF 2025**

The Bank expects the Turkish economy to continue its growth by 3.00%-3.50% in 2025.